

# Appendix

Senator Mike Mansfield, of Montana

## EXTENSION OF REMARKS

OF

HON. LEE METCALF

OF MONTANA

IN THE SENATE OF THE UNITED STATES

Friday, August 11, 1961

Mr. METCALF. Mr. President, a number of newspapers recently published a series of three articles about the distinguished senior Senator from Montana, Majority Leader MIKE MANSFIELD.

I ask unanimous consent to insert these articles, distributed by United Features Syndicate under the byline of L. M. Berniere, in the Appendix of the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[Article 1]

THE SENATE'S QUIET PERSUADER—NICE GUYS FINISH LAST?—GENIAL MIKE MANSFIELD PROVES IT ISN'T TRUE—MONTANA SENATOR'S SOFT MANNER IN STEERING KENNEDY PROGRAM SEEMS TO BE PAYING OFF

(Senator MIKE MANSFIELD, of Montana, is anything but the commonly accepted prototype of a Washington politician. Yet he holds one of the Capital's most powerful political jobs and has proved, in these first 5 months of the new Congress, that he knows well how to get what he wants in gaining enactment of the administration's legislative program. And although they may not agree with him on this program, Senators on both sides of the aisle look to Majority Leader MANSFIELD with respect. Here, then, is the first part of a profile of MIKE MANSFIELD—the man, the public servant, the scholar, the student of foreign affairs.)

(By L. M. Berniere)

WASHINGTON.—Baseball's firebrand, Leo Durocher, once said: "Nice guys finish last."

Maybe in baseball, but not in the U.S. Senate, where one of the nicest—and quietest—"guys" rules as the new top man: the majority leader.

The "nice guy" is Senator MICHAEL JOSEPH MANSFIELD, of Montana, a gentle fellow who is as plain as the name he goes by—MIKE—and as unpretentious as the battered old sweatshirt and faded blue denims he wears in an occasional softball game.

MANSFIELD's ascension to the majority leadership is an important byproduct of President Kennedy's New Frontier. For 3 years, he had served as understudy and assistant to the Senate Democratic leader—Senator LYNDON B. JOHNSON, of Texas.

Then, pupil succeeded teacher when last November's Democratic Presidential election victory made JOHNSON Vice President of the United States and, as such, Presiding Officer of the Senate. From this lofty vantage point, JOHNSON now watches his former pupil in action in the Senate as the majority leader.

Any similarity between teacher and pupil—in technique, tactics, personality and method—is purely and simply nonexistent. In these respects, and others, the two are 180-degree opposites.

JOHNSON was the flamboyant, razzle-dazzle, hard-driving man in motion who stood astride the Senate like a colossus—the complete boss, the complete extrovert. In the cloakroom, he was a backslapper, a lapel-grabber and ear-whisperer who skillfully blended stern persuasiveness and drawling cajolery.

MANSFIELD is none of these. Rather, this pipe-smoking, ascetic-looking man is an almost shy introvert who, as Democratic leader, has wrought a quiet revolution in the Senate with his soft manner, his genial personality, his unobtrusively efficient way of doing things.

With his quiet competence, MANSFIELD has succeeded for the most part in keeping the Senate in line, in delivering the necessary support to the new administration's legislative program, in maintaining party unity (mostly) among such geographic and ideological opposites in his party as Virginia's HARRY F. BYRD and Oregon's WAYNE MORSE.

And, in a city where political ego is accepted currency, MANSFIELD is disarmingly humble and frank.

"I've been very lucky," he tells visitors to his unpretentious suite of offices. "We shouldn't get any idea that we are big shots because we have been lucky enough to win an election. Luck plays a large part in this profession. I feel extremely lucky—I was the first born in this country of my family, Irish immigrants."

Luck, perhaps. But hard work, and perseverance, were the ingredients of success for MANSFIELD, who was born in New York, March 16, 1903. At the age of 3 he was brought to Great Falls, Mont., by his parents. His mother died when he was 6. His father, Patrick, a sturdy 85, is still living in Montana.

At the age of 14 and before he'd finished the eighth grade, MANSFIELD fibbed about his age and enlisted in the Navy—embarking on a military career that was to include service as a sailor, soldier, and marine, all within a 5-year span.

During World War I, he served 19 months in the Navy, 10 of them overseas, then enlisted in the Army in hope of drawing occupation duty in Germany. He wound up in California.

After a year of this, he joined the Marines to see the world, and did. He served in China and the Philippines during his 2 years as a devil dog. In 1922, he returned to Montana as a shoveler and then as a mining engineer in the Butte copper mines.

In 1927, he passed entrance examinations and enrolled at the Montana School of Mines as a special student, then matriculated as a special student at Montana State University in 1930. Up to now, he still hadn't graduated from grammar or high school.

Then, at age 30, as a university senior, he at long last completed his high school requirements and got his A.B. degree. He won his master's degree in 1934, then studied some more at the University of California. He joined the faculty of Montana State University as a professor of political science and of American and Far Eastern history.

The school of hard knocks, and of formal education, gave him the experience and training, the keen understanding of human problems, the gentle forbearance, the barbed-wire resoluteness, the code of fairness and

integrity which have made him a success at whatever he tackled.

MANSFIELD crossed the threshold into a distinguished political career in 1942 when he was elected to the House of Representatives, replacing Miss Jeanette Rankin—the only Member of Congress to vote against the U.S. declaration of war against Japan following the Pearl Harbor attack.

As a freshman Congressman, he achieved an honor which comes to few first-year Members—he was made a member of the all-important House Foreign Affairs Committee, a tribute to his knowledge of Far Eastern problems. In 1944, President Franklin D. Roosevelt tapped him for a special factfinding mission to China. There, he noted the growing Communist strength that eventually was to result in the Red takeover of the China mainland.

After World War II, President Truman offered MANSFIELD the post of Assistant Secretary of State for Public Affairs. MANSFIELD respectfully declined the honor because he felt he could be more useful in Congress. In 1951, he served as U.S. delegate to the United Nations General Assembly.

Then, after 10 years in the House of Representatives, MANSFIELD ran for the Senate in 1952—and won.

He took the oath as Senator along with another Senate newcomer who was destined for bigger things—John Fitzgerald Kennedy. They worked together, and played softball and touch football together. Eventually, they also served together on the Senate Foreign Relations Committee.

MANSFIELD went on to become one of the Senate's most articulate—and most expert—spokesmen on foreign policy. And, in 1957, he rose to the No. 2 spot in the Senate Democratic hierarchy—party whip. This made him assistant to Majority Leader JOHNSON.

In the showdown for the Democratic presidential nomination at Los Angeles in July 1960, MANSFIELD backed a loser—JOHNSON. But, when Kennedy drafted JOHNSON as his running mate and the ticket squeezed through to victory in November, MANSFIELD was thrust into a new role.

Now, reluctantly, he was the No. 1 man in the Senate.

[Article 2]

THE SENATE'S QUIET PERSUADER—MANSFIELD NO BACK SLAPPER, BUT HE WAS FAR AND AWAY THE FIRST CHOICE AS LEADER—DIDN'T SEEK TOP JOB, WONDERED ABOUT POSSIBLE CRITICISM ON GROUNDS OF RELIGION

(This is the second part of a penetrating profile of a rare species of Washington politician—Senate Majority Leader MIKE MANSFIELD.)

(By L. M. Berniere)

WASHINGTON.—Senate Democratic Leader MIKE MANSFIELD, of Montana, is a rare political species.

This humble son of an Irish immigrant isn't quite sure whether he was cut out to be a politician. And he didn't want the No. 1 Senate job he now holds.

"Sometimes," he told a visitor recently, "I wonder why I'm in politics. I'm just not the type who can go around slapping people on the back."

But his colleagues long since became aware that he didn't have to be a back slapper to win their support and their admiration. They were impressed by his quiet persuasive-

ness, his keen intellect, his homespun integrity.

So it was that when the Senate Democratic leadership became vacant by reason of LYNDON B. JOHNSON's election as Vice President, there was no doubt as to JOHNSON's successor. To a man, his Democratic colleagues and two former colleagues—President Kennedy and Vice President Johnson—had but one choice: MANSFIELD.

There was doubt only in MANSFIELD's mind. For one thing, he had some misgivings on religious grounds. With a Catholic now in the White House for the first time, MANSFIELD felt there might be critical public reaction if he, also a Catholic, were installed as Senate Democratic leader. (His fears proved unfounded.)

"Furthermore," MANSFIELD said gravely, "I didn't want the job. I prefer being just a Senator because, when you are majority leader, you lose a certain amount of independence you have when you are just a Senator."

But "Senator Mike" is not one to run away from a call to duty.

Once MANSFIELD took over the leadership, he knew exactly how he wanted to run the job. And once he began running the job, it became evident that he had brought to the task an approach and a method of operation completely different from that of his predecessor—JOHNSON. The pupil was not following the teacher's style.

This battle-lean (164 pounds) 6-footer determined at the outset that the leadership "is not going to be a one-man operation." To his lieutenants—Senators HUBERT H. HUMPHREY, of Minnesota, and GEORGE SMATHERS, of Florida—he delegated definite responsibility. He has seen to it that they take their turn on the Senate floor as acting leader.

He restored to committee chairmen their historical power. He calls them together from time to time and seeks their advice and counsel on method, strategy, and procedure on legislative matters.

"Collectively, they represent a great amount of wisdom and knowledge," MANSFIELD said recently of his chairmen. "I can only profit from meeting with them."

In the beginning, MANSFIELD set forth this line of procedure: "I will be the leader, but responsibility will be diffused. I would like, if possible, to make our efforts cooperative. If there is a decision to be made, I'll make it—no one else—but only after consultation, advice, and counsel."

He likewise laid down a code for dealing with his fellow Senators: "I will endeavor to get my colleagues to see my point of view by persuasiveness and logic. There will be no pressures of any kind. In my book, every Senator agrees or disagrees on an equal footing, and is given equal consideration. I treat them as I would like to be treated."

Soon after he took over, there was some grumbling among his party members because he put through a motion to have Vice President JOHNSON preside over meetings of Democratic Senators.

"It was my own idea," MANSFIELD explains. "I felt that the Vice President should be given more recognition than in the past; that if he came to the Democratic meetings, he should not be left outside the door or given a back seat. This gives him no authority, but he is there if his advice and counsel are needed. I think it right and proper to do so."

The grumbling soon ceased, and MANSFIELD went ahead with the big job of trying to unite his party behind the President's program.

MANSFIELD himself shuns labels which would characterize various shades of political philosophy and attitudes.

"I don't like terms like 'middle of the road,' 'conservative' or 'liberal,'" he says of

his own political philosophy. "I'm just a Democrat. I don't like to be labeled. I want to retain as much independence of judgment as I can. I'm not going to vote for anything because it is liberal or conservative. The people of Montana sent me here to do my own thinking and to express my own judgment."

But MANSFIELD is realistic. He is quite aware that there are sharply varying shades of attitudes, different political philosophies within the Senate Democratic ranks and that they must be dealt with.

"The big challenge of the leadership job is to keep the different segments of the party together," MANSFIELD says. "The Republicans you don't worry much about because you expect opposition from them. Within our party there are diverse elements. It is incumbent on me, and I am determined, to bring a fusion of views in order to pass responsible legislation. That legislation is going to be the President's program.

"I think the President has been moderate in what he has proposed, understanding in what he has suggested. Based on his 14 years in Congress, he is aware of the need for cooperation with the Congress. But he recognizes the fact that, under the Constitution, he has well spelled-out responsibilities and he intends to assume them.

"President Kennedy has an extraordinarily keen sense of historical perspective. He knows the line of demarcation between the legislative and executive branches."

MANSFIELD is confident that, as far as the Senate is concerned, "we'll get President Kennedy's program through."

He has his work cut out for him, but two of the administration's Big 5 legislative proposals—aid to depressed areas and an increased minimum wage—have already cleared Congress. The others are aid to education, housing, and medical care for the aged.

MANSFIELD got off to a promising start. He put the Senate's new session on the road without letting it get rutted in time-consuming debate over rules changes traditionally aimed at curbing civil rights filibusters. He won swift Senate confirmation of the new President's cabinet and of some controversial appointees. He steered the depressed areas bill through the Senate after beating off a determined conservative attempt to amend it.

Perhaps the biggest victory of his first 10 weeks as leader came when he took on one of the Senate's most formidable figures—Chairman HARRY F. BYRD of the Finance Committee. BYRD fought to make a key change in the Kennedy proposal for extending unemployment benefits. The administration measure seemed doomed. But, over a 24-hour period, MANSFIELD rallied his forces and repulsed the BYRD effort by a two-vote margin.

"The most difficult period of this session lies ahead of us," MANSFIELD said recently.

He has not underestimated the task, or the challenge, both at home and abroad.

#### [Article 3]

**THE SENATE'S QUIET PERSUADER—STRONG, POSITIVE PROGRAMS IN LATIN AMERICA, AFRICA SEEN AS NEEDS BY MANSFIELD—MAJORITY LEADER SUGGESTS ACTION FOR THE UNITED STATES IN DEALING WITH TROUBLE SPOTS OF WORLD**

(This is the conclusion of a three-part profile of one of Washington's most powerful yet least known political figures—Senate Majority Leader MIKE MANSFIELD.)

(By L. M. Berniere)

WASHINGTON.—"We face the most difficult problems as a people that we have ever had to confront."

These grim and challenging words were uttered in calm and measured tones by a

recognized congressional expert on foreign and domestic problems—Senate Majority Leader MIKE MANSFIELD of Montana.

As Senate Democratic leader, as Senator from Montana and—in his own words—as "just a Senator," MANSFIELD must grapple with a great complex of problems. Some are political; some nonpartisan. Some are global; some strictly local. But no matter how preoccupied he may be with all others, he never takes his eye off the big one—peace and survival in this troubled world.

He seems to have a prescience about certain things, can sense trouble brewing. Long before Laos became a big headline word, MANSFIELD foresaw the difficulties that have shaken that tiny Far Eastern constitutional monarchy. He foresaw the chaotic situation that developed in Africa and repeatedly urged sympathetic U.S. action toward the new nations emerging in the dark continent.

Over the years—as sailor, soldier, marine, mining engineer, college professor, Congressman, foreign affairs expert—he has learned to recognize trouble in many forms, to look it straight in the eye, and to try to do something about it.

This is the way it is with the ills of the world today.

As a starter, MANSFIELD feels that a reassessment and reevaluation of U.S. foreign policy is long overdue. He is "delighted" that President Kennedy has taken steps to strengthen NATO because "in the last 10 years—and that takes in 2 years of a Democratic administration—it (NATO) has been more a symbol than a shield."

Here is how MANSFIELD sizes up the troubled world, area by area:

**Latin America:** "The policy should be to treat that area at least on an equal basis with the rest of the world. In my opinion, it should be given priority. There is need to develop a comprehensive economic and social program, based on the Act of Bogotá, which will cure the basic ills of the area—poor housing, illiteracy, poor sanitation, inadequate medical care.

"There should be more private ownership of land in small individual lots so the people can have a vested interest in something that will give them hope, love of country and, if need be, something to fight for.

"We don't want to take the lead in Latin American affairs, nor be left in the rear. We want to be in the ranks with our Latin American neighbors on a basis of mutual equality, trust, understanding and good will."

**Africa:** "While it has become involved in the cold war to an extent, I hope we can bend every effort to try to insulate Africa from the cold war so that the newly independent nations will have a chance to develop and achieve maturity.

"I don't think there should be any military aid to any part of Africa. The emphasis should be on economic assistance. Instead of advocating bringing so many students from Africa to this country, it should be just the reverse—we should help them build schools and train people, their own people, so that they can help in the growing process of their homeland. Too many foreign students who come here are loathe to return to homelands which need their people so badly."

**Middle East:** "I hope and believe that President Kennedy will do his utmost to bring a meeting of the minds between the Arabs and the Israelis to achieve a degree of stability in that area."

**Far East:** "We should forge closer ties with Japan because, together, we can form the basis for stability in the Pacific area.

"I'd be opposed personally to admitting Red China to the U.N., or to the United States recognizing Communist China.

"I would advise the possibility of exploring diplomatic relations with Outer Mongolia—which is not Red China—if, in doing so, a U.S. diplomatic mission can be sent to Ulan Bator, the Mongolian capital. The main purpose would be to have a U.S. mission in a country facing both the Soviet Union on one side and China on the other so we can get a better report on what is happening. It would be a window looking East and West."

"History warrants serious consideration of this. Russia and China are in a race to give aid to Outer Mongolia and to send in technicians.

"I also hope for some sort of reciprocal agreement whereby a certain number of accredited correspondents would be allowed to go into Red China. This would enable us to get firsthand reports from our own people rather than secondhand from correspondents of other countries, and there would be less reliance on Chinese publications on what is happening.

"This is all-important because Red China has drastically curtailed access to Chinese newspapers and magazines. Our sources of information are drying up rapidly."

Berlin-Germany: "President Kennedy has restated the policy of the Eisenhower administration to defend Berlin. I am pleased that Germany came across with a sizable contribution in the field of foreign aid. I hope this example will be followed by our other friends in Western Europe and Japan. That way, the burden of responsibility, which now rests on the United States, will be dissipated and a cooperative program will be undertaken to assist other nations of the world."

And what of the United States?

MANSFIELD makes no apologies for patriotic sentiment or partisanship: "This country means everything and all things to me," he said fervently. "We are extremely fortunate in having as President a young man—a product of this century—who has gone through the fire of war, who has had 14 years in Congress, and who has maturity, confidence and assurance in the face of the most difficult decade the Nation has ever faced."

There is every indication that the feeling is mutual—that the President feels fortunate that the helm of his party in the Senate is held by the firm and steady hand of MIKE MANSFIELD.

#### Retraining for the Unemployed

#### EXTENSION OF REMARKS OF

**HON. HARRIS B. McDOWELL, JR.**  
OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 10, 1961

Mr. McDowell. Mr. Speaker, the Governor of the State of Delaware, the Honorable Elbert N. Carvel, is deeply concerned with technological unemployment which has reached extensive proportions.

Many national and State leaders are joining in a common effort to analyze and seek new programs of public action which will stimulate the private economy to return our unemployed unskilled and semi-skilled workers to full-time employment.

Delawareans had an opportunity to express their views on the effects of changes in the industrial complex and the new demands of technological advancements in the first State at the

August 7, 1961, meeting of the Governor's Committee on Retraining for the Unemployed in Dover, Del.

Mr. James J. LaPenta, Jr., an articulate spokesman, and vice president of the Delaware Labor Council, appeared before the Governor's committee and pointed to basic conditions which have had an adverse effect on Delaware's economy.

I include his testimony here as part of my remarks:

STATEMENT BY JAMES J. LAPENTA, JR., VICE PRESIDENT, DELAWARE STATE LABOR COUNCIL, TO THE GOVERNOR'S COMMITTEE ON RETRAINING FOR THE UNEMPLOYED ON MONDAY, AUGUST 7, AT DOVER, DEL., AND TO THE DELAWARE FULL EMPLOYMENT SURVEY COMMITTEE, WEDNESDAY, AUGUST 9, WILMINGTON, DEL.

The question of jobs for a growing labor force in the 1960's is one of the most important issues of domestic economic policy and, until it is answered, there can be no certainty about America's growth potential.

There is little disagreement on the extent and the nature of the problem, but there are a multitude of suggested solutions. These run the gamut of letting the market adjust itself to virtually total economic planning with attendant controls. Neither of these extremes will be accepted.

You will note, throughout this presentation, I do not call for massive government intervention on either the Federal or State level. It is, however, the responsibility of government to create conditions conducive to economic expansion. There are some people who would insist that the government stay out of the picture. You and I know this is impossible. The government cannot sit idly by watching the rise of unemployment and its attendant economic and social costs. It is the responsibility of government to anticipate and to identify those trends causing unemployment problems, and it has the responsibility to participate in the solution of those problems once they occur.

This effort will demand the fullest cooperation between industry and labor. It will require the closest of partnership between Federal and State Governments. It will need the support of private citizen and public official.

The future of our country will depend on the speed and discernment we give this effort fostering faster economic growth than that of the past. Only a high and sustained rate of economic growth will allow us to give attention to the great priorities of our international and national needs. In a world where human freedom and Communist tyranny are waging a struggle we cannot stand up overseas if we fall down at home by failing to make our vaunted American economy provide full employment, maximum production, and purchasing power for the American people.

Our rate of economic growth must be sufficient to provide jobs for all the new people who come of working age and enter what we call the labor force each year, without taking jobs away from those already employed who have not advanced beyond working age.

This growth, too, must be sufficient to prevent improvements in machinery and working skills, in technology and automation from resulting in unemployment of workers and idleness of plant capacities.

This is most vividly illustrated by the following statistics:<sup>1</sup>

<sup>1</sup> Source: Report of the Subcommittee on Unemployment and the Impact of Automation of the Committee on Education and Labor, 87th Cong.

1. The United States is the first Nation in the world where total output continued to rise while employment of productive workers continually decreased.

2. Production rose 43 percent, employment of factory workers decreased 10 percent, population increased 19 percent. This was between 1950 and 1960.

3. The last three recessions increased in severity while the ensuing prosperity periods grew shorter: 1949-53, prosperity period lasted 45 months; 1954-57, prosperity period lasted 35 months; 1958-60, prosperity period lasted 25 months.

4. Rate of unemployment grew with each recession: 1954, 6 percent; 1958, 7½ percent; 1961, 8 percent.

5. Rate of unemployment grew also during prosperity peaks: 1953, 3 percent; 1956, 3.9 percent; 1959, 4.8 percent.

6. Estimate of unemployment expected in 1962—when production has greatly increased and national economy will have recovered considerably—5 to 6 percent.

7. Between 1960 and 1970—26 million young workers will enter labor market—and if present conditions continue, 7.5 million will not have completed their high school education; and this means they will be wholly unprepared to work in a world where major technological advances are being made daily.

8. Twenty percent of the Nation's unskilled workers are unemployed today; 40 percent of men between the ages of 45-64 who are unemployed have been so for over 18 weeks.

9. During the sixty's greater job opportunities must be created—possibly 4 million a year—to provide employment for average yearly growth of 1,350,000 and annual displacement of 2.5 million workers from rising productivity through automation.

10. Ten thousand computer installations will be made in 1961—and each installation affects 140 jobs—therefore 1,400,000 workers will feel the results of this growth of automation this year.

11. In the steel industry—steel production and shipments were almost identical in the years of 1950 and 1960—yet—in 1960—80,000 less production workers were employed and the work-week averaged 3.3 hours less than in 1950.

This brief analysis now acquaints you with the national problem and makes it understandable as to its relationship with our State problem, and I now address my remarks to this area.

The State labor council has repeatedly stated its awareness of the hard economic facts of life—that the Delaware economy is now tied inseparably to the national economy.

Delaware began to experience in the last two recessions 1957-58 and 1960-61 labor surpluses (unemployment) reflecting the national average. In the first two postwar business declines 1948-49 and 1953-54 unemployment in Delaware was below the national experience.

The causes of this increase in unemployment over our previous experience came from:

(a) Tremendous population growth of 50 percent in the postwar period increasing the number of young new entrants (school graduates) each year into the labor force and new entrants moving from other labor areas into the Delaware labor area looking for job opportunities.

(b) Change in our industrial complex by plant closures due to plant obsolescence causing technological unemployment (Pullman, Delaware Floor, Malleable Iron, Pyrites), and structural unemployment caused by the decline in the railroad industry, and cyclical unemployment in the durable goods industries (auto and steel) whose ups and downs are sensitively attuned to the business cycle.

August 11

(c) Technological displacement in rural areas by increased mechanization on the farm and displacement of the family operated farm by the corporate farm. This combination of technological and structural unemployment added to our labor stream a number of workers seeking full-time and part-time employment.

(d) Finally, two unusual situations, the finishing of the Tidewater construction project placed an unprecedented number of construction workers, who, when unemployed, are normally placed in the category of seasonal employment. These workers were put on our covered unemployment list, and went into our labor surplus figures although some of them had returned to former or other labor markets. The termination of the Government tank contract with Chrysler at the Lenape Ordnance Depot in Newark affected approximately 800 workers.

I might add, here, that item (a) is the cause of the anomaly of unemployment and employment showing simultaneous rises.

The past month, for example, employment rose 6,700 to 188,900, but unemployment also rose from 10,500 to 12,000.<sup>2</sup> This portends of worse to come, mind you, because it represents a labor surplus (unemployment) of over 6 percent during the so-called recovery phase of our economic cycle, and furthermore, this is only covered unemployment (those eligible for unemployment compensation). It does not take into account those unemployed who are not eligible for unemployment compensation, those underemployed (on short workweeks and part time), and those longtime unemployed who have exhausted their benefits.

Now, for the purpose of analysis, I have used statistics, and for the purpose of identification, I have classified kinds of unemployment. I warn you, however, bare statistics or classifications should not be allowed to overshadow the human consequences and economic problems that go with the grim specter of hard core unemployment—poverty, crime, disease, degradation, and racial discrimination. Statistics cannot dramatize the burden of the curse of skill obsolescence, nor can it explain satisfactorily the unskilled men without a job, on one hand, while there are highly skilled jobs not manned, on the other. We must not allow cold statistics to sentence the jobless to economic death and allow men to rust in idleness while they, and others, lack the goods they are capable of producing.

There is no more reason to accept such ever-rising levels of hard core unemployment than to accept an epidemic of smallpox. In the case of this economic disease, as well as the physical disease, the cause is well known and stabilizing remedies are effective when applied.

#### SOLUTIONS TO THE PROBLEM

Cyclical unemployment: As previously stated, Delaware's economy is tied inseparably to the national economy. Since the national economy determines the amount of cyclical unemployment during any of the respective periods (prosperity, stagnation, recession, recovery) of the historic short-term business cycle and this cycle, in turn, is affected by the many private decisions of the private business enterprises and the monetary, fiscal debt management and budget policy decisions that are made by the Federal Government, both of whose influence are not contained within the geography of any narrow State boundary, there is not much we can do in this area.

However, this does not mean that programs of State origin helping to alleviate cyclical unemployment must:

1. Wait upon Federal action.

<sup>2</sup>Source: Delaware Unemployment Compensation Commission, July report.

2. Cost the State a lot of money in terms of public expenditure.

The appropriate things to do under these circumstances are:

1. Provide unemployment benefits that adequately provide purchasing power needed to maintain the temporary jobless (60 percent of the State's average weekly wage is a good criterion). Provide for temporary extension of unemployment benefits for those exhausting their benefits during the cyclical recessionary period.

2. Review all State public works projects that have been approved and where possible start these construction jobs and telescope their estimated period of construction so that more employment opportunities would be available during the high unemployment (recessionary) period.

Technological unemployment: This unemployment caused by plant closures due to obsolescence and loss of job skills by management efficiencies introducing mechanization, automation, and laborsaving devices require training and retraining programs. I propose:

1. Participation and the fullest partnership by the State government and its agencies with the Federal Government in the new programs (area redevelopment bill and the proposed Manpower Development and Training Act, H.R. 7373) and the revitalized established programs of the U.S. Department of Labor and its Bureau of Apprenticeship and Training.

2. A greatly strengthened State program of vocational training.

3. More effective guidance and counseling through our public education system and the Employment Service of the Unemployment Compensation Commission.

4. Financial incentives through supplemental unemployment benefits while under training. (Using the UCC to administer this program.)

Structural unemployment: Caused by area (Delaware, e.g., decline and mechanization of farm economy) and industry (railroad) decline and industrial migration, this situation requires:

1. A tripartite State government, management, and labor committee to promote and foster rational industrial development programs on a State and local basis.

2. Enactment of a State minimum wage law and enactment of a prevailing-wage law for all public construction.

3. Items 1, 2, and 3 under the Technological Unemployment title plus a strong education program but, if not successful, a strong enforcement statute against the evils of racial and age job discrimination.

Two other kinds of unemployment need passing mention: (a) seasonal (farm is at present inadequately handled—nonfarm needs improved eligibility under Unemployment Compensation Commission; (b) frictional—those voluntarily leaving or quitting their jobs and seeking new jobs.

I want to close with the following strong recommendations:

1. Our State's public education system must play a vigorous role, a key role—more guidance programs, and an effective and appropriate State vocational program.

2. The Employment Service of the Unemployment Compensation Commission must be strengthened and its techniques, operations, and procedures improved.

- (a) Expanding the counseling service to meet more fully the employment needs of young people, older workers, members of minority groups and persons living in rural areas.

- (b) Expanding the statistical division in order to distinguish more clearly and in greater detail the various types of unemployment I have described and to more accurately measure and report these characteristics so that the right programs can be applied.

(c) Provide for a research division to gather quantitatively and qualitatively all the information about the factors determining mobility in our labor force to counteract the slowing down of labor mobility and propose the means of reaccelerating this important ingredient of a dynamic and viable economy.

3. For all industry to cooperate with the Commission on the development of an accurate and up-to-date reporting system and to use the placement service it can provide.

#### The John A. Hartford Foundation, Inc.

#### EXTENSION OF REMARKS OF

#### HON. LISTER HILL

OF ALABAMA

IN THE SENATE OF THE UNITED STATES

Friday, August 11, 1961

Mr. HILL. Mr. President, I should like to call the attention of all Members of Congress to the 1960 Annual Report of the John A. Hartford Foundation, Inc. This very interesting and most informative report documents the most valuable public service in the field of health that the foundation is performing through the use of its assets. More than \$8 million was made available by the foundation in 1960 for the support of medical research, treatment, and training.

As one aspect of the program, grants are made to hospitals to finance the training of hospital staff and to provide the facilities that are required to reduce the time lag that exists between the findings of the laboratory and their clinical use in the care and treatment of patients. For example, the foundation is assisting hospitals in 29 cities in the financing of the training of personnel and the purchase of equipment for two lifesaving procedures, open-heart surgery and the use of artificial kidneys, to provide treatment to patients with congenital heart defects and chronic kidney diseases. In addition, the foundation is sponsoring research into a wide range of diseases in 85 institutions in 53 cities.

I ask unanimous consent that a copy of the 1960 Annual Report of the John A. Hartford Foundation, Inc., be printed in the Appendix of the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

JOHN A. HARTFORD FOUNDATION APPROPRIATIONS IN 1960 TOTAL \$9,042,000, LARGEST IN ANY YEAR—GRANTS SUPPORT OPEN HEART SURGERY, KIDNEY DIALYSIS, AND CARDIOVASCULAR CENTERS IN 35 U.S. CITIES—ANNUAL REPORT LISTS OTHER RESEARCH ADVANCES

NEW YORK, July 16.—A pioneering program of research and clinical support by the John A. Hartford Foundation, Inc., is enabling medical centers in 29 cities throughout the country to prolong the lives of hundreds of children and adults previously condemned to early deaths, the foundation's 1960 annual report disclosed today.

As a result of foundation grants, two life-saving medical procedures—open heart surgery and kidney dialysis or separation—have been made available by hospitals in these cities to patients suffering from congenital heart defects and chronic kidney diseases.

Cardiovascular diagnostic centers have been set up in six additional cities through foundation support.

The foundation appropriated \$9,042,000 in 1960, with \$8,353,500 of this amount devoted to support of its programs of medical research, treatment and education. The 1960 appropriation was the largest in any year to date by the foundation, its president, Ralph W. Burger, reported. In the last decade, the foundation, the country's fourth largest, has made grants totaling \$39,980,000 "to reduce the timelag that exists between the findings of the laboratory and their clinical use in the care and treatment of patients," he explained.

Mr. Burger said the foundation is currently supporting in 85 institutions in 53 cities across the country 113 investigations of the cause, prevention and treatment of a wide spectrum of illnesses ranging from heart and kidney diseases to metabolic, neurological and skin disorders.

He said these institutions reported substantial progress during 1960 in foundation-sponsored research on leukemic cancer, arteriosclerosis, identification of "coronary" candidates, intracardiac valves, microsurgery of small blood vessels, stomach ulcers, birth trauma, staphylococcal infections, birth defects, multiple sclerosis, chemosurgery for neuromuscular diseases, pesticides in foods, nerve regeneration, psoriasis, eczema, eye diseases, anemias, and organ transplants.

#### OPEN HEART SURGERY CENTERS

Mr. Burger declared that the foundation's research and clinical support of open heart surgery and kidney dialysis exemplifies its primary concern with circulatory and blood vessel diseases as the country's leading cause of death. The John A. Hartford Foundation is credited with ranking after the Federal Government's National Heart Institute and the American Heart Association as the country's third largest supporter of heart disease research.

The foundation supported a research and clinical program in open heart surgery in 19 cities last year, Mr. Burger reported. It provided funds for the purchase of complex equipment required for positive diagnosis and for monitoring and controlling patient physiologic functioning during surgery and post-operatively, as well as funds for salaries and training of doctors and hospital technicians, funds for all laboratory expense, and funds for subsidizing the hospital expense of select research patients. These cities and institutions follow:

Albany, N.Y., Albany Hospital; Buffalo, N.Y., Buffalo General Hospital; Burlington, Vt., Mary Fletcher Hospital; Charlotte, N.C., Charlotte Memorial Hospital; Chicago, Ill., University of Chicago Clinics; Des Moines, Iowa, Methodist Hospital; Erie, Pa., Hamot Hospital Association; Grand Rapids, Mich., Blodgett Memorial Hospital; Hanover, N.H., Mary Hitchcock Memorial Hospital; Kansas City, Mo., Research Hospital; Milwaukee, Wis., Evangelical Deaconess Society of Wisconsin, Deaconess Hospital; Minneapolis, Minn., Mount Sinai Hospital Association; Nashville, Tenn., Vanderbilt University Hospital; Newark, N.J., United Hospitals of Newark; New York City, N.Y., Presbyterian Hospital; Philadelphia, Pa., University of Pennsylvania Hospital; Providence, R.I., Rhode Island Hospital; Seattle, Wash., Providence Hospital; St. Louis, Mo., Barnes Hospital.

By diverting the circulatory flow through a heart-lung machine, open heart surgery permits the surgeon for the first time to view the diseased heart clearly and to correct defects in its valves and walls precisely. It is estimated that 50,000 children are born with congenital heart defects each year. Seventy-five percent of these defects are believed to be surgically correctible.

In an effort to make lifesaving treatment possibilities known to more persons and especially to those far from giant metropolitan medical centers, the Foundation has underwritten the development of cardiovascular diagnostic centers in the following cities and institutions: Akron, Ohio, Children's Hospital; Bismarck, N. Dak., Bismarck Hospital Association; Detroit, Mich., Harper Hospital; Neptune, N.J., Flitkin Memorial Hospital; Portland, Maine, Maine General Hospital; and Syracuse, N.Y., Syracuse Memorial Hospital.

#### KIDNEY DIALYSIS CENTERS

As part of its program of kidney dialysis support, The John A. Hartford Foundation has purchased artificial kidneys, underwritten the salaries and training of physicians, researchers and hospital technicians or covered the expense of hospitalizing research patients and others during the development period, in 10 cities and institutions as follows:

Boston, Mass., Peter Bent Brigham Hospital; Buffalo, N.Y., Buffalo General Hospital; Chicago, Ill., Passavant Memorial Hospital; Cleveland, Ohio, Cleveland Clinic Hospital; Jacksonville, Fla., Baptist Memorial Hospital; Kansas City, Mo., Menorah Medical Center; Milwaukee, Wis., Evangelical Deaconess Society of Wisconsin, Deaconess Hospital; Providence, R.I., Rhode Island Hospital; Washington, D.C., Georgetown University Hospital; Winston-Salem, N.C., North Carolina Baptist Hospitals, Inc.

#### NEW USES FOR DIALYSIS

Use of the artificial kidney was confined until recently to cleaning the blood of impurities in acute kidney failure or to ridging the body of poisons accidentally swallowed. The John A. Hartford Foundation's program has helped introduce intermittent dialysis on a continuing basis for patients with chronic kidney failure. The blood of these patients is shunted from a wrist artery through the artificial kidney and back into a wrist vein. Tubes are permanently implanted in the artery and vein. Between treatments, a curved bypass bridges the tubes.

Already, long-term dialysis, referred to as kidney laundry service, has transformed the outlook for patients who would otherwise become fatally poisoned from the accumulation of kidney wastes. The dialyzer has been used also to overcome kidney shock resulting from hemorrhage during childbirth, for treating edema, and for restoring kidney response to diuretic agents. Three million Americans are believed to suffer from kidney diseases.

#### SPECIAL CARE UNITS

In keeping with its aims of speeding medical research benefits to the patient, the foundation during 1960 also helped to maintain special hospital units for research and care of metabolic disorders, or for care of critically ill persons in the following cities and institutions:

Albany, N.Y., Albany Medical Center; Boston, Mass., Peter Bent Brigham Hospital and Children's Hospital Medical Center; Chicago, Ill., Chicago Wesley Memorial Hospital and Passavant Memorial Hospital; Cleveland, Ohio, University Hospital; Pittsburgh, Pa., Shadyside Hospital; Portland, Maine, Mercy Hospital; Red Bank, N.J., Riverview Hospital; Utica, N.Y., St. Luke's Memorial Hospital Center.

#### NEW RESEARCH ADVANCES

Among significant investigations sponsored by the John A. Hartford Foundation last year, Mr. Burger singled out these examples:

**Cancer:** Development by the University of Miami School of Medicine of (1) a blood oxygenator-blood dialysis apparatus which automatically monitors and maintains physiological balance during prolonged perfusion

of patients with cardiopulmonary distress, and (2) development of an abdominal tournequet which permits regional perfusion of highly toxic anticancer chemicals in the pelvis without danger of leakage and damage to other parts of the body.

Progress at Mary Imogene Bassett Hospital, Cooperstown, N.Y., in successfully replacing nonfunctioning bone marrow in irradiated patients, a procedure which has potentials for lethal radiation of cancer and for surmounting the tissue rejection reaction in organ transplants.

Isolation at Roswell Park Memorial Institute, Buffalo, N.Y., of three similar viruses from the cancerous tissues of three separate human leukemia patients, implicating viruses as a possible cause of leukemia in humans.

**Arteriosclerosis and other vascular diseases:** Important findings about the cause and treatment of arteriosclerosis, the principal factor in heart attacks and strokes, at Harvard University School of Public Health and Massachusetts General Hospital, Boston, Mass.; University of Miami Medical School, Miami, Fla.; University of Pennsylvania Hospital and Presbyterian Hospital, Philadelphia, Pa.; Roper Hospital, Charleston, S.C.; Touro Infirmary, New Orleans, La.; and Mt. Sinai Hospital, Minneapolis, Minn.

**Identification of coronary candidates:** Development at New York University Medical Center of a highly accurate predictive formula for detecting individuals most prone to coronary heart disease, as an early means of saving lives by forestalling attacks through preventive therapy.

**Heart valve lesions:** Progress at Presbyterian Hospital, Philadelphia, and at Providence Hospital, Seattle, in developing synthetic intracardiac valves for the replacement of damaged human heart valves.

**Microsurgery:** Successful use of the binocular microscope at Mary Fletcher Hospital, Burlington, Vt., in microsurgery on blood vessels of less than 4 millimeters including application in coronary occlusion and in a cerebral vascular accident.

**Stomach ulcers:** Discovery at the Pennsylvania Hospital, Philadelphia, of an agent secreted in the stomach's antrum which inhibits the excessive production of gastric acid, a step toward control of peptic ulcer formation.

**Birth trauma:** Progress at Baylor University College of Medicine, Houston, Tex., in developing transitional care of the neonate and an artificial placenta to protect newborns afflicted with cardiac and respiratory distress in the first 24 hours of life. Such babies have been prey to cerebral palsy and other birth trauma-implicated ailments.

**Staphylococcal infections:** Definitive findings at Barnes Hospital, St. Louis, Mo., on the extent of operating room air contamination and surgical infections by staphylococcal bacteria as a major step toward meeting this problem scientifically.

**Birth defects:** New findings at St. Barnabas Medical Center, Newark, N.J., on the role of physical and mental stress during pregnancies leading to cleft lip palate and other defects in newborn children.

**Multiple sclerosis:** Progress at White Memorial Hospital, Los Angeles, Calif., in studying the antigen-antibody mechanism of multiple sclerosis, a progressively fatal disease affecting the brain and spinal cord of 300,000 people in this country.

**Chemosurgery:** Expansion of chemosurgery techniques for the treatment of Parkinson's disease at St. Barnabas Hospital for Chronic Diseases, New York, N.Y., to alleviate related neurological and neuromuscular diseases like multiple sclerosis involving tremor, involuntary movements, deformities, paralysis, and muscular rigidity.

**Pesticides in foods:** Development at Stanford Research Institute at Menlo Park, Calif., of a practical screening test involving gas

chromatography to determine quickly the presence of toxic pesticides like DDT on fruits and vegetables.

**Nerve regeneration:** Progress at James Whitcomb Riley Hospital For Children, Indianapolis, Ind., in measuring the physical and chemical alterations found in disorders of the central nervous system as a basis for developing specific treatment of congenital malformations, muscular malformations, tumor, trauma, and inflammation in neurological diseases.

**Psoriasis:** Discovery at Stanford University Medical Center, Palo Alto, Calif., that this chronic skin disease affecting 2 to 3 million Americans may be an allergic reaction to an antigen in the patient's own blood system.

**Eczema:** Effective control of this chronic children's skin condition at New York University Hospital, New York City, by simple use of a crude coal tar extract without altering diet, injecting desensitizing agents or using expensive steroid preparations.

**Eye diseases:** Encouraging progress at the Retina Foundation, Boston, Mass., in developing synthetic substitutes to replace diseased tissues of the eye, including damaged sclera, lost vitreous gel and cornea transplants.

**A plastic anemia:** New findings at the Children's Hospital Medical Center, Boston, about the use of steroids and hormones for treating aplastic anemia and to help restore the bone marrow (blood-forming) function when depressed by drugs and other toxic substances in children and older persons.

#### Next: Tissue and organ transplants

Following its success in helping to make cardiovascular surgery and kidney dialysis widely available, Mr. Burger said the John A. Hartford Foundation has mapped a program of grants designed to help usher in an important new stage of medicine: the routine transplanting of tissues and organs like the heart, lungs, and liver.

On this surgical frontier, the foundation has backed a kidney transplant team at Peter Bent Brigham Hospital, Boston, since 1954. This is the group which has performed 15 successful kidney transplants in the past 6 years. All except one have involved identical twins. The major obstacle to transplants between nonrelated persons thus far has been the host's foreign tissue rejection reaction.

"Medical researchers are increasingly confident that they can break the barrier which until now has made impossible transplants in other than identical twins," Mr. Burger said.

In order to spur a broad investigation of this antigen-antibody reaction to foreign tissue, The John A. Hartford Foundation has given a grant of \$455,000 to Peter Bent Brigham Hospital this year, Mr. Burger noted. The latest award brings to nearly \$1½ million the amount of Hartford Foundation grants to the Peter Bent Brigham staff for research in metabolic disorders and in kidney transplant problems.

#### OVERCOMING THE IMMUNOLOGIC BARRIER

Similarly, the Hartford Foundation is supporting establishment of a burns research and treatment center at NYU Medical Center. In skin graft experiments on students and fellow doctors, the NYU unit is attempting to find out what it is in the host's system that attacks the transplant and its antigens.

At Wayne State University Hospital and Harper Hospital, Detroit, a Hartford Foundation grant is also supporting investigations in the chemistry and physiology of the rejection mechanism.

"Studies at these institutions and elsewhere have demonstrated that the technical problem of surgical transplantation of organs has been completely surmounted," Mr. Burger said. "The only real challenge to the permanency of transplants is the body's rejection reaction to foreign tissue. The foundation intends to give every assistance to medical science in hastening the day when

diseased organs, glands or other tissues can be removed and replaced with healthy substitutes."

#### FOUNDATION HISTORY AND PURPOSE

The Hartford Foundation was originally established by John A. Hartford to distribute his personal charitable donations. He left it the bulk of his estate; and his brother, George L. Hartford, who died in 1957, left his entire estate to the Foundation. John A. Hartford was president of the Great Atlantic & Pacific Tea Co. and George A. Hartford was chairman of the board. The Hartford Foundation's income is used primarily for support of medical research, treatment, and education on the major and minor diseases that kill or disable millions of Americans.

#### Soviet Retribution

#### EXTENSION OF REMARKS

OF

#### HON. STYLES BRIDGES

OF NEW HAMPSHIRE

IN THE SENATE OF THE UNITED STATES

Friday, August 11, 1961

**Mr. BRIDGES.** Mr. President, a column which appeared in a recent edition of the Los Angeles Evening Herald Express entitled "Retribution, Russ Style" is worthy of widespread attention in my judgment.

I ask unanimous consent that this excellent column, written by Mr. George Todt, be printed in the Appendix of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### RETRIBUTION, RUSS STYLE

(By George Todt)

"When we take over the United States, we are going to have to liquidate (murder) 90 percent of the American Communists"—Matt Cvetic, "The Big Decision," page 176.

The above quotation was an interesting one I found while reading Matt Cvetic's knowledgeable book, "The Big Decision."

It was what a Russian representative of the Communist "world government" clique told Matt in a private conversation.

It shows how stupid and fanatical the American comrades must be—to work like eager beavers for their ultimate doom.

When Matt asked Comrade Mirkov why it would be necessary to liquidate so many local Reds after a Communist triumph in the United States, he receives this eye-opening reply from the boss:

"Comrade, they are not worth it. Not only are they poor quality Communist revolutionists, but look at it this way: If their own country cannot trust them then how can we?"

#### THOSE WHO PLAY

Actually, this figures. Russia was long conquered and dominated by the Mongol horde of Genghis Khan and his sons from 1227 A.D. until the time of the brutal Czar Ivan the Terrible.

There is a strong imprint of the Mongol technique for making war engrained in the modern inhabitants of the Iron Curtain countries today—which is almost exactly the same area as the Mongol Empire at its high tide of conquest.

Once the Mongols conquered the dukes of Muscovy—but the latter have hundreds of years later, conquered the Mongol Empire in reverse. But there is still much of their former masters in them.

For instance, Genghis Khan would have slit the throats of traitors who betrayed their trusts to him for exactly the same

reason as that which was outlined to Matt Cvetic by Comrade Mirkov.

"The Big Decision" makes for worthwhile reading.

Not long ago Matt appeared on Ralph Storey's "Story Line" at KNX radio station in Hollywood. He received an avalanche of mail.

The American people are really waking up nowadays.

CBS publicity and Matt showed me a photostat of a letter he had written to Ralph after the show, and it is worth repeating here:

#### FROM MIDDLE OUT

"After more than 20 years in the fight against international communism, I am convinced that, if the independence for which our forefathers fought is to be preserved, our Nation must show courage by taking strong positions on three major issues.

"1. We must lead the nations of North and South America in enforcing the Monroe Doctrine in the Cuban situation. While our diplomats haggle over a Kremlin-instigated Berlin crisis, the Soviet Union and her satellites, including Red China, are pouring armament, munitions and men into Cuba.

"For the past 15 years the Kremlin has dragged up the Berlin crisis to camouflage her activities in other parts of the world—and our diplomats still have not wised up. It is my candid opinion that, unless our government shows some backbone by enforcing the Monroe Doctrine in the Cuban crisis, time may be running out on us.

#### "CAN EXPECT PAY

"2. We must never recognize Red China. We recognized the Soviet Union in 1933. Since that stupid diplomatic move, we lost half the world to the Reds. Recognizing Red China, according to the Kremlin's plan, will hasten our own end.

"3. We must never permit Red China in the United Nations, if you can call that monstrosity a United Nations.

"The reason I take the position I do in the above three issues is because, from my work within the framework of the Communist Party, I learned that these three objectives—conquering Central America and getting recognition for Red China—were necessary preludes to conquering the United States.

#### "WITH A CLOUD

"If we are to preserve our freedom and the independence that was won for us 185 years ago we are, as a Nation, finally in a position where we must show courage (guts)—the same kind of courage which motivated our forefathers to place their lives, their fortunes and their sacred honor on the line for America."

Matt Cvetic, FBI counterspy, infiltrated the ranks of the Communist Party in the United States for 9 brutal years—and knows the score.

He recently received the annual Americanism Award of the California AMVETS convention held in San Diego.

His thoughtful words to Ralph Storey are worth our thinking about now.

#### Some Are Surprised

#### EXTENSION OF REMARKS

OF

#### HON. WALTER L. McVEY

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 12, 1961

**Mr. McVEY.** Mr. Speaker, a quiet laugh is sometimes a powerful broom for sweeping accumulated tensions out of

the mind, thus leaving us more able to handle life's dozens of minor and major irritations with grace and humor. Because the editorial comment "Some Are Surprised," written by Mr. H. K. "Skeet" George, caused me and my staff to chuckle, I would like to share it with the Members of this body.

The comment appeared on August 7, 1961, in the *Caney Chronicle*, which is one of our finest papers in my State of Kansas. You will be interested to know that Mr. George is the brother of Hon. Myron George, who has served as a Member of this body. Mr. Speaker, under leave to extend my remarks, I would like to include "Some Are Surprised":

Many Americans are more surprised than scared by the Russian feat of sending a man many times around the world in a spaceship during a 24-hour nonstop schedule. And most of those who are surprised are the old-timers like myself. The younger ones believe a trip to the moon is not long away.

They tell the story about old Grandpap when he saw his first train. "They'll never get it started," was his prediction. After it pulled away from the station he gave out a new gem of wisdom: "They'll never get it stopped."

That's the way a lot of oldtimers have viewed the spaceships. Our predictions have been a bit on the glum side.

But mark my word. The first guy who falls off one of them things is going to wish he were riding in a buggy pulled by old dobbin. And no one ever rode anything very high and very fast who didn't eventually take a fall.

It could be Khrushchev.

### Viewing the Aggressions of World Communism in Broad Perspective

#### EXTENSION OF REMARKS

OF

**HON. JOHN STENNIS**

OF MISSISSIPPI

IN THE SENATE OF THE UNITED STATES

*Friday, August 11, 1961*

**Mr. STENNIS.** Mr. President, I have long been of the conviction that there is a vital need that our national strategic planners must view the aggressions of world communism in broad perspective. This means, of course, that we must view communism's various political, economic, and military thrusts as integral parts of an overall plan of conquest. There has been too much tendency to fasten attention on individual dangers with the resultant failure to evaluate such aggression in terms of the overall Communist scheme of global activity.

It is only when each Communist threat or actual aggression is evaluated in terms of its relation to the other danger spots that the full significance of the Red plan of conquest can be fully appreciated.

The July issue of the VFW American Security Reporter contains one of the finest articles I have yet read on this matter of viewing Communist efforts in their overall meaning rather than as individual and isolated dangers. Although there is no doubt but what our Nation and the free world are approaching a period of great crisis over Berlin, we

must be constantly on guard that the Communist planners do not exploit a Western preoccupation over Berlin by triggering a new aggression in a distant portion of the world.

It is in this connection that I believe that the article in the VFW American Security Reporter entitled, "The Tightening Noose," is particularly timely and useful. This article analyzes the obvious but often overlooked strategy that communism is employing in southeastern and southern Asia. As the article points out, a major Communist objective is the encirclement of India. This strategy is, unfortunately, moving with tragic momentum. The drive into Laos with its dangers to the entire southeastern peninsula, increasing Soviet influence in Afghanistan, the Red conquest of Tibet, and increasing Soviet pressure against the historic buffer states of Nepal, Sikkim, and Bhutan on India's northern borders, are indeed tightening the noose about India and Pakistan.

I believe this article, "The Tightening Noose," by Brig. Gen. J. D. Hittle, U.S. Marine Corps, retired, director, National Security and Foreign Affairs of the VFW, will be of particular interest to Members of the Senate, and I ask unanimous consent that the following article be printed in the Appendix of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### THE TIGHTENING NOOSE

(By Brig. Gen. J. D. Hittle, U.S. Marine Corp., retired, director, national security and foreign affairs, VFW)

One of the most serious shortcomings of the Western World is its tendency to view Communist strategy in isolated segments. This, of course, in turn results in a failure to grasp fully the grand strategy of communism's unrelenting aggressions. Without such a full strategic appreciation, the West can react only on an isolated basis, and consequently an inadequate one.

For example, whichever area of difficulty—Berlin, Cuba, north Africa, Laos—communism decides to emphasize immediately becomes the area of preoccupation in Western eyes. While the Reds may put the emphasis on an area and thus shift their spotlight to another section of the global stage of conflict, the master script continues to be played by all of the Red performers.

The paradox of Western failure to see with broad strategic vision is underlined by the fact that the Communist strategy is visibly unfolding in clear view. Nowhere is this more obvious than in southeastern and southern Eurasia.

Laos, for the moment, monopolizes Western attention which is currently characterized by its almost pathetic pleading for the Reds to agree to a cease-fire in that area. Of course, the Reds have not agreed to a cease-fire for the simple reason that they will have more key control points, more high ground, and more vital areas to occupy. Only at such time as it is momentarily to the advantage of the Reds' conquest to agree to a cease-fire for purposes of deception will they go through the motions of appearing serious about a cease-fire.

But Laos in itself is not the total target. It is the wedge that strategically fragments all of southeast Asia to assure from the Red standpoint the eventual piecemeal capture by subversion or force of South Vietnam, Cambodia, Siam, and Burma. It opens the road to Singapore and control of the vital Straits of Malacca. It points the way toward

ultimate control of Indonesia's treasure trove of natural resources.

And yet the control of southeast Asia, as important as it is in itself, is but the flanking action of a far vaster operation that even now is underway—the encirclement of India. The importance of the subcontinent of India has long loomed large in the thinking of communism's master planners. Their blueprint for world conquest gives heavy emphasis to this populous, large, and strategically located subcontinent containing the nations of India and Pakistan. The importance of India becomes evident from even a cursory glance at the map, for the successful culmination of communism's sweep around the Asiatic periphery of Eurasia requires the subjugation of India. That area is destined to be either a crucial obstacle or a helpful stepping stone in the Red advance toward Suez, the Mediterranean world and Europe.

The deliberate manner in which the forces of Red aggression in Asia are being focused on India is both astute and alarming. So extensive is the scope of the strategic scheme that is now unfolding that its increments appear as major separate threats. And yet they are all coordinated portions of the grand strategy.

Viewed from the standpoint of the Indian subcontinent, the southeast Asian Peninsula stands as a protecting flank against the Red thrust out of the power base of Mao's China. Success of Red aggression in the southeast Asian Peninsula would change that area from a protecting flank to a springboard for envelopment.

This penetration of southeast Asia dovetails neatly into the ruthless Red conquest of Tibet which has brought Red pressure squarely up against India's buffer border states of Nepal, Sikkim, and Bhutan. Isolated by geography and long forgotten in much of the western strategic thought, these tiny nations today are being increasingly squeezed by Red pressure from the north. Tiny in size, their importance is large. Red China's campaign against Nepal is being conducted with the usual Communist devices of trade, subversion, and military power. In June of 1960 Mao Tse-tung pointedly indicated his intentions with a vicious attack against the Nepalese border district of Mustang. The pressures are continuing. Red control of Nepal would remove the last major obstacle on the ancient gateway between Tibet and India.

Far to the west, on the northwest border of India, is the ancient invasion route through the Khyber Pass. Here again the Red pressure is being increased. Fragmentary news of increasing unrest and conflict on the Afghan border constitutes a clear signal that here also a Red thrust is being made from the north, pointed southward against the Indian subcontinent.

The Soviet Union, like the czarist regime before it, covets and understands the strategic significance of the buffer kingdom of Afghanistan. The Khyber Pass has long been a major target of Russian imperial—and later Soviet—strategy. Indeed, the western world has been all too slow in realizing the grave implications of reports that Afghanistan is rapidly approaching the status of a Soviet satellite.

Thus, communism is thrusting outward from its power base in Soviet Russia and Red China, exploiting its massive land power against India and Pakistan. No longer, either, is this Red power confronted with the effective resistance previously afforded by British seapower control of the Indian Ocean. Unfortunately, since the end of World War II, British seapower has virtually disappeared from this area, thus creating a vast power vacuum extending from Suez to Singapore. This facilitates and encourages the southern extension of Red aggression.

Since the end of World War II the world has repeatedly witnessed how swift has been the reflex action of communism in filling power vacuums. If the West—and this means in this instance the United States—doesn't fill this one by rapid creation of an Indian Ocean Fleet, the Soviet Union with her growing seapower will do so. This is a situation in which the United States has adequate warning; it has the time; it has, in its vast inventory of mothballed vessels, the means. Destiny will demand a stiff penalty if the United States defaults on this opportunity to loosen the Red noose now being tightened around India and Pakistan, and thus strengthen this protecting bulwark against the Red drive toward Suez and the Mediterranean world.

### Mortgages Versus Installment Debt—An Eye Opener

#### EXTENSION OF REMARKS OF

**HON. JEFFERY COHELAN**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 8, 1961

**Mr. COHELAN.** Mr. Speaker, while all of us who are homeowners bemoan the amount of interest that we pay on our home mortgages, many people are not aware that annual payments of interest and principal on installment debt—TV, washing machines, cars—is three times as great. This in spite of the fact that outstanding nonfarm residential debt is eight times greater than outstanding consumer debt.

J. A. Livingston, writing in the "Business Outlook" column of this morning's Washington Post, has raised some pointed questions about our installment debt policies, and I urge my colleagues to give this article their careful consideration:

#### MORTGAGES VERSUS INSTALLMENT DEBT (By J. A. Livingston)

Henry Gregory, president of the First Federal Savings and Loan Association of Rocky Mount, N.C., is no bystander in this argument.

"Naturally, being a savings and loan operator," he writes, "I consider homeownership of foremost importance. But from a realistic standpoint, an electric refrigerator, washing machine, and often an automobile, are far more essential. A house can be rented, but the average American housewife must have appliances to operate her home efficiently and meet the needs of her family."

Whereupon, Gregory demands: Why do the President and politicians periodically make a national issue of low interest rates on housing when the costs of financing automobiles and household appliances take so much more out of the consumer?

Why, he wants to know, don't the politicians get wholeheartedly behind the truth-in-lending bill of Senator PAUL H. DOUGLAS, Democrat, of Illinois, and compel banks, installment finance companies, department stores, appliance vendors, and automobile dealers to tell customers plainly and unmistakably:

1. The amount in dollars and cents the customer pays for credit.

2. The real, honest interest rate per annum, whether 6 percent, 9 percent, 18 percent, or more, which the money actually costs.

Writes Gregory: "If our President and political leaders genuinely and honestly are concerned about the interest burden, why don't they point the finger at high charges in consumer financing instead of making a play of helping people by trying to get interest rates on home loans reduced by a quarter of 1 percent.

"You and I know that the interest rate on housing is 'chickenfeed' compared to the charges on consumer financing. In many instances, the 11.6 percent becomes 15 or 20 percent by the time you add together all the closing cost which the consumer is faced in buying appliances and automobiles on time."

James Tobin, one of the three members of President Kennedy's Council of Economic Advisers, a former professor at Yale, and one of the country's distinguished economists, provides statistics to support Gregory.

As a witness before Senator DOUGLAS' Subcommittee of the Senate Banking and Currency Committee, Dr. Tobin noted that although outstanding nonfarm residential mortgage debt is more than three times outstanding installment consumer debt, annual payments of interest and principal on installment debt are about three times the payments on mortgages.

Installment debt turns over so fast that annual payments actually exceed the principal outstanding. Here are estimated figures in billions:

	Install- ment	Mort- gage <sup>1</sup>
Total debt.....	\$43.3	\$142
Annual payment.....	47.0	16

<sup>1</sup> Nonfarm, 1- to 4-family dwellings.

Out of every \$100 of disposable income, American families pay about \$13 to meet installment obligations and about \$5 to meet interest and principal on mortgages.

"It is clear," said Dr. Tobin, "that credit purchases and repayments have a substantial impact on the level of consumer demand."

That's hardly an overstatement, considering that interest alone amounts to about \$6 billion annually on installment debt, as against about \$7 billion annually on three times as much mortgage debt.

If that's the case, a Government which is periodically in a sweat about getting interest costs on mortgages down in order to help homeowners ought to be equally concerned in seeing that installment borrowers get the truth, the whole truth, and nothing but the truth about the cost of the money they borrow.

To properly compare what they're asked to pay for an automobile or a refrigerator or a TV set, householders need to know not only the price but the financing load. Without the second, they can't know the first.

Yes, sir, Gregory has a point.

### Cultural Strengthening of NATO

#### EXTENSION OF REMARKS OF

**HON. ESTES KEFAUVER**

OF TENNESSEE

IN THE SENATE OF THE UNITED STATES

Friday, August 11, 1961

**Mr. KEFAUVER.** Mr. President, many of us in all NATO countries have insisted since the formation of the alliance that the political, economic, and cultural ties of the western world should be strengthened as well as the military.

A very excellent argument setting forth in forceful terms this idea is con-

tained in the NATO letter of July 1961. It is written by Sami Kirdar, a devoted backer of the NATO idea and an excellent journalist who is well and favorably known personally by my wife and me. I am sure that Mr. Kirdar's article will be of value to Members of Congress and to all who are interested in a stronger NATO alliance.

I ask unanimous consent that it be printed in the Appendix of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### DEFENDING OUR CULTURAL HERITAGE

(By Sami Kirdar)

(NOTE.—The author of this article is a Turkish political journalist and writer and a former professor of the Istanbul Fine Arts Academy.)

No peace based on mutual understanding and respect between East and West can be achieved so long as the Communist leaders preserve as their ultimate aims the outright capitulation of our system and the total overthrow of our principles of freedom and the rule of law. But short of betraying themselves, can the dictator-prophets of communism change or soften the dogmas of their secular religion, dogmas which deny all other faiths and which seek to impose, by fair means or foul, the propaganda of the cult throughout the whole world? For generations to come, our prime concern will continue to be our own defense and this has now taken on an economic and ideological form.

What is the significance of the ideological struggle which is being waged by the Soviets under the guise of 'peaceful coexistence'? Once again, it would be ingenuous to imagine that we are dealing with an ideological confrontation along Western lines, i.e. a free debate on two social systems. If we are to avoid an ideological setback involving serious consequences, we must organize our defense in this sphere just as we have done, from the military viewpoint, through NATO. It is not a question of urging our ideology against that of the Communists but of enabling the uncommitted countries to compare the two systems and to draw their own conclusions.

#### AN ALLURING FORMULA

The North Atlantic Treaty has made it possible to unite the military forces of a group of countries confronted with a common threat: Soviet imperialism. This union not only prevented an armed attack on the members of the alliance but also on other non-Communist nations. Our retaliation force was created solely in order to protect our civilization and the freedom of our people; but it has not thereby destroyed the aggressive intentions of our opponents—it has merely caused them to change their strategy. For this reason, the Soviet leaders brought out the alluring formula: peaceful coexistence.

In a speech delivered at Novo-Sibirsk in October 1959, Mr. Khrushchev himself explained the meaning of this formula: "Peaceful coexistence is a continuation of the struggle between two social systems but by peaceful methods. We believe that this struggle should be economic, political and ideological but not military." It would be a mistake if we were to take Mr. Khrushchev too literally. Experience gives us reason to fear that if we ever become militarily weak, the Russians will not hesitate to resort to armed action.

If the danger is not at present purely a military one, should we not examine the situation in its new form and take the necessary steps to meet it? This does not imply the abandonment of our existing military or

ganization but, on the contrary, the increasing of its effectiveness. Parallel efforts in other fields would help to provide our defensive system with a structure better adapted to its task.

#### PSYCHOLOGICAL WAR

Peaceful coexistence, invented by the No. 1 Soviet leader, is in fact a declaration of war against the West in another form. But it is war which is utterly different to wars involving military science, the use of arms whether conventional or nuclear. It may seem less destructive but it could have far more tragic consequences since it is directed against our intellectual freedom and the very fountain-head of our civilization. Its battlefield takes in the whole world and its chief weapon is the exploitation of the legitimate aspirations of those underdeveloped peoples who constitute the majority of the earth's population.

The Soviets are past masters in the art of propaganda and psychological warfare whereas we still hesitate to go all out in this realm, either to avoid provoking the Communists or because it conflicts with our concepts of morality.

In the report which he submitted to the London Atlantic Congress, Father Jean Daniélou observed, "We must not neglect the psychological factor in the defense of the free world. In the first instance, it should consist of objective information exposing the lies of Soviet propaganda. And it is certain that, in the long run, this determination to be objective will arouse a more solid confidence than swiftly dated slogans. In the second instance it is essential that the Atlantic Community should be aware of the spiritual values which it represents.

"What the Atlantic Community claims to be defending is not just a civilization of which it is one manifestation and, as the Community itself recognizes, an imperfect manifestation—a civilization, moreover, which might well find expression in other ways; it is not just for ourselves but for all the peoples of the world—especially for those who have not yet had full access to that civilization or who have been robbed of it by violence—that we defend these values. The struggle in which we are engaged is not ours alone. We feel ourselves responsible because the values which we seek to defend and to promote are not only the expression of an ancient heritage but the permanent conditions of a human civilization."

Mr. Khrushchev recently reaffirmed at Alma Ata his determination to wage a ruthless battle against the West. If we are to take up the challenge we should revise our means of defence and adopt a suitable strategy in the political, economic and ideological fields.

#### COMMUNIST DOGMATISM

The Soviets believe that the new path of peaceful coexistence will lead them more swiftly to their goal which is the destruction of all non-Communist order. Their judgment is right in the sense that Communist activity always flourishes in conditions of general disturbance and discontent. As they themselves choose the time and place to light the fuse they have the advantage of being able to take their opponents by surprise. And how many peoples have accepted communism of their own free will? All those countries which have been converted to communism were converted by force of arms and force cannot triumph except in an atmosphere of disorder.

The Communists make impressive promises to those people who lack the prosperity and the technical and intellectual opportunities of the western world. But these promises cannot be kept for the simple reason that it is materially impossible for the Communists to satisfy the needs of all the underdeveloped countries. Nor can the West satisfy all these aspirations, despite the fact

that its economic and technical resources are infinitely greater than those of the Soviet bloc. What should we do to fulfill the obligations which our civilization imposes on us as regards underdeveloped nations? We should help them to help themselves in line with the principle laid down by President Kennedy in his inaugural speech.

The danger which threatens us does not lie in the confrontation of two social systems but in Communist dogmatism. Unless we are prepared to look on passively at the attacks launched against our civilization and our cultural values we must organize ourselves in order to combat those who, under the pretense of defending the disinherited, would deny us any political, social, or ideological rights.

#### OUR SPIRITUAL VALUES

We should therefore develop an overall plan which could be carried out by suitable interrelated organizations. Two organizations exist already: NATO, for military and political questions, and OEEC for economic questions. The latter could form part of our defensive system since one of its main objectives is aid to underdeveloped countries. But we need a third organization which would have the task of defending our spiritual values by strengthening Western co-operation in the cultural, scientific, and technical fields and, especially, on behalf of underdeveloped countries.

In present circumstances it would not be easy to set up a new organization. Among the existing organizations equipped to carry out the task, NATO comes immediately to mind, one of its departments being concerned already with cultural activities. But these activities are extremely limited because of the inadequate number of senior staff in that field and the restricted financial means available. It would be necessary to set up within NATO a Division of Cultural Affairs capable of playing its part; and it would not be in the interest of member countries to refuse the extra financial burden if the strengthening of our defensive system required it.

Another solution would be to call on the Council of Europe, whose aim is to "effect a closer union between its members so as to protect and promote the ideals and the principles which are their common heritage." This solution seems practical in the light of the work carried out by the Strasbourg organization (first and foremost, the Human Rights Convention), and its efforts to coordinate European cultural activities.

#### SURMOUNTABLE DIFFICULTIES

If it were decided to entrust this task to some organization other than NATO, two difficulties of a political nature would arise: (1) the question of the adherence of the United States and Canada; (2) the reservations of the neutral countries. But these difficulties do not seem insurmountable.

The Atlantic Ocean is no longer a barrier between Europe and North America but a link. In an age of supersonic aircraft, intercontinental rockets and communication via the stratosphere, national boundaries are no longer geographical but political, economic and, above all, ideological; and, from this viewpoint, North America and Europe from a single unit. The federative republic of the United States—the daughter of Europe, to use General de Gaulle's expression—is today the leader of the West. In short, the two great nations on the other side of the Atlantic are natural members of any organization which may be set up in this old continent of Europe which gave the world a love of liberty and a sense of the dignity of man.

President Kennedy's speeches and his recent contacts with several leaders of Atlantic countries demonstrate the importance which he attaches to our defensive system. If our common cause calls for changes in certain outside commitments accepted by the United

States, we may be sure that those changes will be made.

It seems unlikely that the neutral countries could object to the defense of our common ideology. Indeed, it may be asked how those countries could survive after the material or moral destruction of those other nations which are defending our Western heritage. Neutrality is a position which is recognized by European tradition, founded as it is on the rule of law. If this rule of law were to vanish, could the neutral countries rebuild it through their own means?

The essential thing is that we should increase our capacity for collective resistance to our enemy's attacks by doing away with double-banking of effort and that we should combat the subversive activities of the totalitarians. The creation of the NATO shield saved Europe and the free world from Soviet occupation. We must now organize our ideological defense in order to safeguard our spiritual and moral values.

#### Secret Service Chief's Wife: She's With the Home Guard

#### EXTENSION OF REMARKS

OF

#### HON. CATHERINE D. NORRELL

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, August 10, 1961*

Mrs. NORRELL. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to say that there is an item of family interest in the recent promotion of Mr. Gerald A. Behn in the Secret Service as head of the White House detail. We are usually well informed of the biography of the men appointed to outstanding positions in the Federal Government, but we so seldom hear of the members of his family who have shared for many years in the daily efforts and dedication to duty that lead to recognition and service of immeasurable value.

It is my pleasure to acquaint you with the family of Mr. Behn through an article that appeared in the Washington Post on Sunday, August 6, 1961, by Marie Smith, as follows:

**SECRET SERVICE CHIEF'S WIFE: SHE'S WITH THE HOME GUARD**  
(By Marie Smith)

Pretty, suntanned Mrs. Gerald A. Behn, wife of the new head of the White House Secret Service, jokingly tells her husband that when he retires she is going to start traveling while he stays at home.

During his 22 years with the Secret Service, handsome, brown-eyed Jerry Behn has traveled all over the globe in his job of protecting Presidents and their families, while his wife, Jean, stayed at home. Only traveling she did with him was in 1940, the year after her Christmastime marriage to the young agent from Flint, Mich.

"I did go with him then to Charlottesville, Va., for a month; to Bar Harbor, Maine, for 2 months, to Poughkeepsie, N.Y., for 2 months, she recalled.

That's when her husband was on "diaper detail," the term Secret Service men apply to the duty of protecting Presidential children, whether they're in the cradle or in college. In his care at that time was Franklin D. Roosevelt, Jr., who was a student at the University of Virginia.

Now it looks as if Mrs. Behn may go with her husband again.

If President Kennedy goes to Hyannis Port, Mass., for a vacation later this summer, Mrs. Behn hopes to follow her husband there. She and Mrs. James J. Rowley, wife of the present head of the White House detail, who is being promoted to Chief of the Secret Service, plan to take a cottage there to be near their husbands while they are on duty with the President.

Mrs. Behn, who met her husband when she was in high school in Flint, Mich., and he at the university, has souvenirs from most of the far-off places he has been.

He's not the picture-postcard-sending type when he travels—"he usually telephones," said Barbie (for Barbara), their 16-year-old daughter—but Jerry Behn always brings back gifts from his travels.

On the mantel of their attractive home at 2652 North Richmond Street, Arlington, are two of them: a figurine of an organ grinder he brought from London and a handsome brass tray from Pakistan.

"He usually brings me perfume and gloves but once he brought me a mink stole," Mrs. Behn added.

Although Behn has been assistant head of the White House detail since 1949 and was in line for the step-up, announcement of the promotion "caught us a little by surprise," Mrs. Behn said.

It came on Barbara's 16th birthday and Mrs. Behn was baking a cake for her. Her husband telephoned the news just after President Kennedy announced his appointment, so Jean Behn decorated the top of the cake with "Happy Birthday, Barbie" and "Congratulations Dad." They had a double celebration that night at dinner. Mrs. Behn served a prime rib roast, her husband's favorite food.

"He likes peanut butter too," chuckled Barbie. "Mother catches him in the kitchen snitching peanut butter between meals."

Mrs. Behn said her husband does have a little-boy fondness for peanut butter and she always keeps a jar in the kitchen for him.

Right after the announcement of Jerry Behn's promotion last Wednesday, the telephone in their home started ringing with calls from well-wishers and it kept ringing for 2 or 3 days. "Jerry's folks (Mr. and Mrs. Arthur C. Behn of Lake Fenton, Mich.) called and said it was the same there. His mother said she tried to clean house and had so many interruptions she forgot what she was doing. They're very proud of their only son," Jean Behn related.

Mrs. Behn said she doesn't expect his new title will change their life very much. Ever since President Kennedy took office, Jerry Behn has been the man nearest to him when he appears in public and will continue.

It does mean, however, that he won't be the advance man for the President's travels as he has been in previous years. He'll go with the President now.

Jerry's first trip, his wife recalled, was with the late President Franklin D. Roosevelt for his meeting with Prime Minister Winston Churchill at sea during World War II. That time Mrs. Behn did not know where he was until they came back and the trip was announced.

There have been other secret trips since and Mrs. Behn keeps these secrets as well as her husband does.

Husky Jerry Behn, 45, and slightly gray at the temples, has many hobbies, one of them woodworking. He has garnered many compliments on the mahogany mantel and bookcases he built at one end of their living room, and also on the handsome antique pine coffee table he made.

Mrs. Behn helps him in sanding and refinishing furniture but confesses she has no real hobbies. She once collected antiques but gave that up "before it got out of hand,"

she said. An antique clock which belonged to her grandfather ticks away on the mantel. She likes to sew, play golf, and swim, and she keeps a scrapbook on her husband—pasting in pictures and stories about him.

She also belongs to the Secret Service Wives Club which holds four dinner meetings a year to which husbands are not invited.

The Behns have two daughters, both blond, blue-eyed and pretty. Sandy, the oldest, was married in May to James A. Poole and lives in Arlington. Barbara is a student at Washington-Lee High School.

Mrs. Behn paid her husband's job the supreme compliment a few years ago when she wanted to introduce Sandy to some young Secret Service agents. But she was too late. Sandy was romantically interested in someone else. Now there's hope that Barbara may marry into the Secret Service and follow in her dad's footsteps.

### Commitments to Latin America

#### EXTENSION OF REMARKS

OF

#### HON. HARRY FLOOD BYRD

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

*Friday, August 11, 1961*

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the Appendix to the RECORD an editorial from the Wall Street Journal, with which I am in full agreement.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### INDECISIVE DEALER

Until Treasury Secretary Dillon spoke at the inter-American conference in Uruguay this week, the administration's aid plan for Latin America consisted mainly of a slogan "Alliance for Progress" and some vague promises and exhortations.

Now, although much remains hazy, some things about the alliance are becoming clearer. The cost, for instance. Projected U.S. spending in Latin America would surpass our Marshall plan aid to Europe, despite all the differences of time and circumstance.

In the postwar period, the U.S. contributed some \$12 billion to Europe's recovery. Now, U.S. aid outlays for Latin America have already doubled from last year to \$1 billion annually, and could go higher. During the next decade, Secretary Dillon foresees outside investment from all sources of at least \$20 billion. He also promises U.S. loans at little or no interest—practically outright grants—for periods up to 50 years.

All this, obviously, represents a truly massive U.S. commitment—one, moreover, largely in advance of self-help measures within Latin America.

Certainly, a case can be made for aiding Latin America so long as the United States is giving so much aid to the rest of the world. The simple facts of geography and our security interests make it a key area for us, especially when the Communists are working hard there. There's also some truth in our neighbors' complaint of neglect; since 1945, less than 5 percent of the total U.S. foreign-aid outlay of \$90 billion has gone to the score of other countries of this hemisphere.

But the case for approaching Latin America in a new spirit of priority depends on Washington's willingness to face up to the corollary: A changed U.S. approach to the rest of the world. If Latin America's needs are deemed to be of cardinal importance, as

our massive aid plans plainly imply, then other claims are not so important, and should be cut back to fit the new pattern of aid-receiving priority.

Yet the administration doesn't appear to have established such an order of priority. On the contrary, the attitude seems to be that the United States can assume huge new burdens in this Hemisphere, and go right on carrying a host of other nations besides. There's even talk of still another Marshall plan for Africa, as well as greatly increased aid to underdeveloped countries everywhere.

The U.S. Government had better begin making some hard decisions. Otherwise, the setting of Secretary Dillon's remarks—a hastily converted gambling casino—may turn out to be unpleasantly symbolic of the U.S. policy of trying to stake everybody.

### In Opposition to the Proposed Death Tax on Thrift Institutions—A Bankers' Bonus Bill

#### SPEECH

OF

#### HON. WRIGHT PATMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, August 10, 1961*

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 30 minutes.

Mr. PATMAN. Mr. Speaker, I will read for the RECORD, because I feel it is of sufficient importance, the testimony I gave this afternoon before the Committee on Ways and Means concerning the proposals to tax thrift institutions:

#### STATEMENT OF WRIGHT PATMAN OF TEXAS

Mr. Chairman, it is very generous of the committee to hear me.

I have the highest respect for the tax lawyers in the Treasury who are working so diligently to find ways to improve our tax laws.

I have no doubt these people are deeply committed to the principle of "tax neutrality." In proposing to increase taxes on the thrift institutions, which would shift competitive advantages to the commercial banks, these people are no doubt genuinely concerned with correcting what appears to them to be inequalities in the Government's treatment of competing classes of financial institutions.

The unfortunate fact is, however, that the nature of commercial banking is little understood, and a great many people mistakenly see similarities between commercial banking and the operations of the thrift institutions, where no similarity really exists. Furthermore, because the nature of commercial banking is so frequently misunderstood, a great many people who are otherwise well informed are not aware of the tremendous favoritism and the vast subsidies which the Federal Government pours into the commercial banks. Accordingly, it is my purpose today to invite the committee's attention to these subsidies and preferential laws so that the committee can better weigh the question of equity between the commercial banks and the thrift institutions.

I also have great respect for the two authors of the bills which the committee is considering, and I know they intend to do only what is fair.

Despite the authors' good intentions, however, these bills go a great deal farther and faster toward taxing the savings and loan associations and the mutual savings banks out of existence than anything the administration has suggested.

Furthermore, the immediate effect of these bills would be to raise interest rates in general, and home-mortgage rates in particular. They would increase the cost of the savings institutions and drive up their lending rates, which, of course, is one of the main reasons why the commercial bankers are demanding this legislation. When the savings institutions raise their lending rates, we can be sure the commercial banks will promptly raise theirs. This will happen even though the legislation contains no taxes for the commercial banks, closes none of the special tax loopholes the commercial banks enjoy, and even though the commercial banks pay no interest whatever on most of their deposits. In other words, this is banker legislation, and it would cost the general public several dollars in increased interest charges for every new dollar the legislation would bring into the Treasury.

The bankers have been beating the drums for this legislation for a long time, and, recently, beating them faster and faster. They have now worked themselves into such a frenzy that their cannibalistic instincts are showing. The feast dance is on. The bankers have their competitor in a pot—or so they think—and are about to boil him.

They tell me, Mr. Chairman, that out in real cannibal country, where I imagine things are relatively simple, a book which is at the top of the bestseller list is one titled "How To Serve Your Fellow Man."

My point, Mr. Chairman, is that I appreciate the difficulties of trying to legislate on such a complex matter in an atmosphere of hysteria. I hope that the committee will take plenty of time to consider, as I know you will, all of the equities at issue in this legislation.

This is not a case where tax neutrality in the usual sense of the term will provide or even permit nonpreferential Federal treatment of the commercial banks and the private thrift institutions. I have conservatively estimated the various Federal subsidies to the commercial banks at \$5 billion per year. True, a large part of this subsidy can and should be eliminated. Furthermore, the big tax loopholes which have been put into the tax laws mainly for the benefit of the commercial bankers can and should be eliminated. I will offer some specific suggestions on this as I go along.

But the point is, even if the bankers' special tax loopholes were closed and all the Federal subsidies to the commercial banks that conceivably could be eliminated were actually eliminated, Federal subsidies to the commercial banks would still be overwhelming. In other words, this is not a case where the Ways and Means Committee can say we will have tax neutrality and let the other com-

mittees worry about neutrality in other Federal laws and programs. The Congress could not eliminate all of the preferential treatment which the Federal laws give to the commercial banks, as opposed to the thrift institutions, without overturning the whole banking system and recreating it on principles which would be new to any we have ever known in the banking system in this country.

The claim is being made, of course, that the commercial bankers are at a disadvantage with the thrift institutions under the present tax laws because, it is said, these laws permit the thrift institutions to accumulate money for lending faster than the banks can accumulate it. Let us examine that proposition and examine, also, the subsidies and preferential treatment which the commercial bankers enjoy under Federal laws.

#### SUBSIDY NO 1. FREE USE OF THE GOVERNMENT'S POWER TO CREATE MONEY

First and foremost, the commercial banks enjoy the free use of the Government's power to create money.

Mr. Chairman, you know that the commercial bankers are the only people who are permitted to manufacture money and who can manufacture money without the threat of going to the penitentiary.

The Constitution assigns to Congress the power to create money, but Congress has delegated this great power to the commercial banks. It has not delegated any of this power to the savings and loan associations or the mutual savings banks or the credit unions or any of the other competitors of the commercial banks. Only the Federal Reserve banks and the private commercial banks can use this privilege of creating money.

The committee knows, of course, that there have been societies in times past in which the government or the head of the government either sold or gave away the government's power to collect taxes. I am not suggesting that the committee would wish to sell or give away to private interests the Government's power to tax; but I do point out that if this privilege were given to some private group, it would be no greater privilege than the Federal Government has extended to the private commercial banks in delegating to them the Government's power to create money.

The Federal Reserve Bulletin of July 1961 reports that the commercial banks of the country have assets amounting to \$252 billion. In contrast, the total capital accounts of these banks, plus their borrowed capital, amounted to only \$23 billion. By total capital accounts we mean, of course, all of the stockholders' investment, plus the earned surplus of the banks, plus the undivided profits of the banks—in other words, every penny which the stockholders have any claim to in the banking enterprise. Where did the other \$229 billion of assets come from—the difference between the banks' total assets and the stockholders' equity? The commercial banks have acquired these \$229 billion of assets simply by manufacturing money out of nothing more than thin air and the Government's inherent and constitutional power to create money.

The previous Secretary of the Treasury, Mr. Anderson, understood this. Let me quote a passage from an interview with Secretary Anderson that appeared in the August 31, 1959, issue of U.S. News & World Report (p. 68):

Question. Do you mean that banks, in buying Government securities, do not lend out their customers' deposits? That they create the money they use to buy the securities?

Answer. That is correct. Banks are different from other lending institutions. When a savings and loan association, an insurance company, or a credit union makes a loan, it lends the very dollars that its customers have previously paid in. But when a bank makes a loan, it simply adds to the borrower's deposit account in the bank by the amount of the loan. The money is not taken from anyone else's deposit: it was not previously paid in to the bank by anyone. It's new money, created by the bank for the use of the borrower.

I wonder how the bankers can keep a straight face while complaining that the tax laws permit the thrift institutions to accumulate funds for lending faster than the commercial banks can accumulate them. The argument is utter nonsense. The commercial banks do not have to accumulate funds for lending; they create the money they lend, just with a stroke of a pen. When a commercial bank makes a loan to a business firm or to an individual, it creates the money loaned. When a commercial bank buys a Government security, it creates the money to buy it. When a commercial bank buys debt obligations of the State and local governments, it creates the money it uses to buy obligations.

While I am on this subject, let me clear up two other fallacies about commercial banking.

Fallacy No. 1: The commercial banks create money on their reserves against demand deposits only.

The fact is that commercial banks expand on their reserves against time deposits just as much, if not more so, as they expand on their reserves against demand deposits. I have questioned a great many commercial bankers, several Federal Reserve bank presidents and members of the Board of Governors of the Federal Reserve System, and they have all stated that reserves against demand deposits and time deposits are commingled and mixed. In point of fact, when a commercial bank computes its required reserves, it computes a single amount which is a weighted average of its required reserves against both demand and time deposits. In other words, when a commercial bank has an increase in time deposits, the reserves set aside against those time deposits permit the bank to create new money in the form of demand deposits.

Fallacy No. 2: Required reserves reduce the commercial bank's lending power.

This is completely untrue. Required reserves do reduce the lending power of the thrift institutions, but they do not reduce the lending power of the money-creating banks.

We have all heard the claim that the member banks of the Federal Reserve

System are required to pay a large portion of their funds into the Federal Reserve banks as reserves, and we have also heard the complaint that the commercial banks receive no interest on these funds.

The truth of the matter is that the commercial banking system never paid any funds into the Federal Reserve banks to receive the reserve credits which they have with the Federal Reserve banks. The Federal Reserve banks created these reserves, using the Government's power to create money, just as the commercial banks have used the Government's power to create money when they have made loans or investments.

On April 12, 1961, member banks had \$16.2 billion of reserves covering both time and demand deposits. Their time and demand deposits, on the other hand, amounted to \$171.4 billion, meaning that they had used the Government's money-creating power to create \$10 for each \$1 the Government had itself created.

This brings me to subsidy No. 2.

**SUBSIDY NO. 2. FEDERAL LAW GIVES COMMERCIAL BANKS INTEREST-FREE USE OF DEMAND DEPOSITS**

The committee would be greatly surprised, I am sure, if someone proposed that we pass a law which would assure some manufacturer or some industry that it would receive its raw materials free of charge, at the expense of the people who own the raw materials. Some members of the committee might even be surprised to know that we have a Federal law which assures the commercial banks that they will have interest-free use of most of their depositors' funds. Yet that is the case.

Since the beginning of the capitalistic system, at the end of the Middle Ages, bankers in all capitalistic countries have paid interest for the use of depositors' money—that is, up until 25 years ago. Over these centuries bankers had to compete for the use of the public's money. The rate of interest a banker paid was his way of attracting funds, just as is true of the thrift institutions today.

But back a few years ago, the commercial bankers got a bright idea for a Federal law which would relieve them of the necessity for competing for depositors' funds. True, the bankers create the money they lend or invest. But such money, the moment it is created, becomes the property of some bank depositor. When a bank creates money to make a loan to a customer, that money then belongs to the customer. He can draw it out and put it in some other bank. And, of course, in theory he can keep it out of all banks, in cash; but as a practical matter individuals, and business firms have to have checking accounts these days, and the Government gives the commercial banks a monopoly on the demand deposit business.

Customers did move funds from one bank to another when banks were competing in the interest rates they paid on these deposits.

In the early 1930's, the bankers put on a drive to have Congress pass a law to make it illegal for them to pay any in-

terest on demand deposits, which of course, accounts for most of the bank deposits. Congress finally passed that law.

The idea was not inspired by any early religious edict against interest taking. On the contrary, the law only forbids the banks to pay interest, not to take it. In fact, the bankers made two arguments for this law. First, they admitted its purpose was to stop competition between and among the banks to attract demand deposits, and the claim was that this was necessary to save the small banks. The second argument was that relieving the banks of the normal competitive free-enterprise burden of competing would compensate the banks for the cost of the FDIC insurance premiums which they were then expected to pay, to build up an adequate FDIC insurance fund.

Well, Congress passed that law in 1935, and the banks have had their demand deposits free of charge and at the depositors' expense ever since.

The savings and loan associations, on the other hand, paid an average of 3.7 percent on their funds in 1960, and the mutual savings banks paid an average of 3.6 percent.

As to the compensation for the FDIC insurance premium, this turned out to be much more than a free gift. All other kinds of business firms have to pay their own insurance premiums without reimbursement from the Government. An argument could be made that this ought to be the case with the commercial banks because the insurance is for their benefit. It gives people confidence to put their money in the bank who otherwise would not trust the bankers with their money.

More than that, the bankers have never built up an adequate insurance fund. They subsequently got Congress to pass a law which gives the FDIC the privilege of drawing on the Federal Treasury up to \$3 billion any time the FDIC needs the funds to meet the insurance claims, and they pay nothing for this commitment. I will come back to this subject later.

It is enough to say now that the commercial bankers have a vast windfall in the Federal law which stops competition between and among the commercial banks themselves for deposits. They are going much too far, it seems to me, in asking now for a Federal law which will eliminate their competition from the thrift institutions.

Now let us consider just how great this subsidy to the commercial banks is. How much are commercial banks reaping in benefits at the expense of the public from the Federal law which denies the public the right to competition for demand deposits? The commercial banks now have \$129.2 billion of demand deposits. If they were paying only the average rate which prevailed on 90-day Treasury bills during the first half of this year, they would be paying the depositors of these funds a yearly interest rate of 2.35 percent. In other words, the banks would be paying depositors over \$3 billion a year for the use of their demand balances. In contrast, the total

amount of their insurance premiums last year was only \$70 million. So this Federal law not only has the effect of making the public pay the bankers' insurance premiums, it has the effect of making the public pay the bankers another \$43 bonus for each \$1 of insurance premium.

Who is paying these benefits to the bankers?

The Federal Government itself maintained an average balance of \$4 billion with the commercial banks during the past fiscal year. So if the banks had paid for the use of these funds at the Treasury bill rate, they would have paid the Federal Government \$94 million a year. This is \$94 million out of the taxpayers' pockets and into the pockets of the bankers.

Who else is subsidizing the bankers?

Interestingly enough, Mr. Chairman, the savings and loan associations and the mutual savings banks are themselves forced to subsidize the commercial banks. They, too, must have checking accounts.

The last available report, which is for the end of last year, shows that the savings and loan associations had demand balances with the commercial banks amounting to \$1.8 billion; and the mutual savings banks had demand deposits with these banks amounting to \$557 million. At the Treasury bill rate, the commercial banks would be paying these thrift institutions \$56 million a year for the use of these funds.

Finally—and this is to me most disturbing—the State and local governments have approximately \$11.8 billion on deposit with the commercial banks in demand deposits, drawing no interest. In other words, Federal law also denies the State and local governments interest for the use of their funds. If the commercial banks were paying the Treasury bill rate for the use of State and local government funds, they would be paying the State and local governments \$278 million a year.

It seems to me this law which prohibits the commercial banks from paying interest on demand deposits ought to be repealed, certainly as it applies to the funds of the State and local governments. If the Federal Government wishes to pour this vast subsidy into the commercial banks, then it ought to use its own funds for the purpose. But it seems to me the Federal Government has gone too far in denying the State and local governments any right to receive a revenue on their funds. The lost revenues are very badly needed by the State and local political subdivisions, for schools and other community facilities. I hope the Governors, the mayors and other local officials will interest themselves in seeing to it that the rights of the State and local governments are restored.

Mr. Chairman, I have secured from the Federal Deposit Insurance Corporation a breakdown of the demand deposits of the States and political subdivisions, on a State-by-State basis, which indicates how the various States are affected by this Federal law. With your permission, I will offer this tabulation for the record.

*Demand deposits of States and subdivisions by State, insured commercial banks, Dec. 31, 1960*

[In thousands]

State:	Demand deposits
Alabama	\$256,597
Alaska	7,815
Arizona	105,217
Arkansas	101,941
California	778,568
Colorado	89,602
Connecticut	101,582
Delaware	24,524
District of Columbia	119
Florida	414,958
Georgia	241,105
Hawaii	62,037
Idaho	82,364
Illinois	702,058
Indiana	446,238
Iowa	203,131
Kansas	389,871
Kentucky	132,240
Louisiana	378,466
Maine	28,122
Maryland	135,463
Massachusetts	347,745
Michigan	428,013
Minnesota	247,755
Mississippi	206,791
Missouri	378,767
Montana	72,368
Nebraska	110,026
Nevada	35,724
New Hampshire	31,898
New Jersey	417,822
New Mexico	89,494
New York	1,083,281
North Carolina	167,118
North Dakota	25,674
Ohio	535,035
Oklahoma	231,543
Oregon	145,076
Pennsylvania	420,551
Rhode Island	39,016
South Carolina	108,318
South Dakota	66,114
Tennessee	228,722
Texas	648,785
Utah	103,878
Vermont	17,697
Virginia	182,063
Washington	195,957
West Virginia	100,812
Wisconsin	183,511
Wyoming	47,270
Guam, Puerto Rico, and Virgin Islands	71,526
Total	11,650,373

Source: Division of Research and Statistics, Federal Deposit Insurance Corporation, Aug. 3, 1961.

I hope the committee will inquire very carefully into the reasons why the commercial bankers want this legislation. Is it really because the thrift institutions are taking lending funds away from the commercial banks? The thrift institutions do not destroy money; they do not absorb money and they are not depositories of money. In other words, all of the funds deposited or invested in these thrift institutions go immediately back into the commercial banks and are available to the commercial bankers for lending or investment.

The commercial banks have no less funds available for loans and investments than they would have if the thrift institutions did not exist. We must conclude, therefore, that the thrift institutions are cutting not into the amount of funds which the commercial banks have available for lending, but into the number of customers who might be knocking

at the banks' doors asking for loans. In other words, these thrift institutions are an external force of competition which is helping to keep interest rates down.

As the committee considers the merits of the battle which the commercial bankers are waging against their great adversaries—I hope it will keep in mind just how formidable a foe of commercial bankers these institutions are. Let me put it this way: If the commercial banks were paying 3 percent interest on their demand deposits, instead of having these deposits free of charge—they would be paying the depositors \$3.9 billion a year. In other words we accept 3 percent as a reasonable rate, then the benefits which the commercial banks are receiving from this one subsidy alone is \$3.9 billion a year. That happens to be more than the gross income of all the savings and loan associations, before payment of operating expenses and payment of taxes. And it is almost as much as the gross income of the savings and loan associations and the mutual savings banks combined. In other words, the bankers are really waging war on a very tiny, infant foe.

#### SUBSIDY NO. 3: INTEREST ON U.S. GOVERNMENT DEBT OBLIGATIONS, ACQUIRED THROUGH FULL USE OF GOVERNMENT POWER TO CREATE MONEY

The commercial banks now hold \$61 billion of U.S. Treasury obligations. Last year the Treasury, and the taxpayers, paid the banks the gigantic sum of \$1.8 billion in interest on these obligations. This is another huge, outright subsidy.

As former Secretary of the Treasury Anderson has explained, the commercial banks acquired these Government obligations simply by creating the money. They used the Government's power to create money without charge, in order to create money to lend to the Government at a steep interest charge.

There is no reason whatever for the Federal Government to do business in this way, except for the reason of giving the commercial banks another subsidy. The Federal Government does not need to have the private commercial banks create money to buy its debt obligations, because the Government's own banks—the Federal Reserve banks—can do this. When the Federal Reserve acquires these securities, the interest payments go back into the Treasury, instead of out of the taxpayers' pockets and into bank profits.

Furthermore, the Federal Reserve banks could acquire these Federal obligations without increasing the money supply of the country by so much as a penny, so there can be no valid argument that this would be inflationary. The Federal Reserve has wide discretionary powers, not only to determine what the total money supply of the country will be at any given moment, but to determine how much of that money shall be of its own creation, and how much shall be of the commercial banks' creation.

In truth, the Federal Reserve banks now have some \$27 billion of U.S. Government obligations, and they receive a very tidy interest income on these—enough that last year they paid their expenses of \$154 million and returned \$897 million to the Treasury. But for

reasons best known to themselves the Federal Reserve people prefer to have any given money supply made up of a minimum of Federal Reserve bank money, and a maximum of private bank money.

#### SUBSIDY NO. 4: FREE FEDERAL RESERVE SERVICES

What do the costs of running the Federal Reserve banks go for? Why are Government funds used to pay these expenses instead of being paid back to the Treasury?

The fact is that approximately \$120 million a year—which is most of the cost of operating the Federal Reserve banks—is the cost of providing free check clearing, free telegraph service, and other free services to the commercial banks. If the Federal Reserve did not provide these services, the commercial banks would have to pay the expenses of private clearinghouse associations to perform these services. These free services, provided at taxpayers' expense, are not, however, just for the benefit of the member banks of the Federal Reserve System. The nonmember banks also enjoy their use, indirectly, through their correspondent banks.

This is another \$120 million yearly subsidy to the commercial banks.

#### SUBSIDY NO. 5: INTEREST-FREE DRAWING PRIVILEGE ON THE FEDERAL TREASURY

Let us come back now to another aspect of the FDIC insurance fund.

Despite the fact that the Federal law arranged to have the general public pay the commercial banks for what was to be the cost of the FDIC insurance premiums, and also gave the banks a tremendous windfall in addition, the commercial banks have never really paid these insurance premiums—certainly not in amounts necessary to build up an adequate insurance fund.

The real insurance behind FDIC insurance is the fact that Public Law 363, approved in 1947, gives the FDIC the privilege of calling on the Federal Treasury for funds any time they are needed, up to an amount of \$3 billion. In other words, the FDIC has a standing commitment on the Treasury in the amount of \$3 billion. If you or I or any business firm obtained a loan commitment of this kind from a private bank, or from an insurance company, we would have to pay a commitment fee. The going rate of such commitment fees is 1 percent. Thus, if the FDIC were paying the going rate for its commitment on the Treasury, it would be paying the Treasury \$30 million a year.

So this is another \$30-million-a-year subsidy which the taxpayers are paying indirectly, to the commercial banks.

It may be only coincidence, but it happens that the Treasury is never empty of this \$3 billion, should the banks need it. The Treasury keeps a minimum of \$3.5 billion on deposit with the commercial banks at all times. So that \$3 billion is, in effect, set aside, at all times, always available should the banks need it to meet their insurance demands. But it is costing the taxpayers much more than the 1 percent which I have suggested the banks should pay on it. These idle funds are costing the taxpayers the average interest rate

they pay on the whole Federal debt, because if they were not kept in the banks, they would be used to reduce the national debt by this amount.

**SUBSIDY NO. 6. SIX PERCENT INCOME FROM UNNEEDED INVESTMENT IN FEDERAL RESERVE STOCK**

Federal Reserve banks sell a certain amount of stock in these banks to the private commercial banks that are members of the System. In fact, Federal law requires them to sell this stock and requires the member banks to buy it.

Yet the Federal Reserve System has no need whatever for the funds it derives from the sale of this stock. Indeed, the funds are not even invested. Yet Federal law requires that the private banks be paid an annual income of 6 percent of their investment in this so-called stock. In other words, the Federal Government pays the banks 6 percent on the safest investment in the world, which is an investment in the Government of the United States.

This Federal Reserve stock outstanding amounts to some \$400 million; and banks receive an annual income of \$24 million on this. This is another outright subsidy to the commercial banks of \$24 million.

More than that, most of the \$24 million is tax-free income to the banks. Federal law provides for this.

Mr. Chairman, it would not be possible to make an accurate dollars-and-cents total of all the Federal subsidies to the commercial banks. There are several which I have not yet mentioned. For example, there is one tremendous loophole in the tax laws which are of special benefit to the commercial banks, and it would be difficult to make a dollars-and-cents estimate of the value of this. Even more important, the commercial banks enjoy a limited monopoly in the banking business, by reason of the fact that the Federal Government maintains some stiff restrictions and barriers to keep new competitors out of the banking business. Banking is not the kind of free enterprise we know in farming, or in running a retail store, running a manufacturing business or any other kind of commercial enterprise. Any citizen can go into these businesses whenever and wherever he pleases, if he has the capital. Not so the banking business. The Federal Government keeps most of the would-be newcomers out of this field. I will come back to this protected monopoly status of the commercial banks later, and also to the tax loophole.

Let me sum up, however, those subsidies which I have mentioned so far, for which we do have dollars-and-cents estimates. Altogether, they come to more than \$5 billion a year. I have recapitulated these Federal subsidies to the commercial banks in the table below.

*Summary table of subsidies to commercial banks provided by Federal law and programs—(not counting tax loopholes and Federal barriers to keep out new competitors)*

[In millions]

Value of interest-free use of demand deposits (computed at 2.35 percent or average rate on 90-day Treasury bills) ----- \$3,036

*Summary table of subsidies to commercial banks provided by Federal law and programs—(not counting tax loopholes and Federal barriers to keep out new competitors)—Continued*

[In millions]

On demand deposits of:

(a) Savings and loan associations and mutual savings banks-----	\$56
(b) Federal Government-----	94
(c) State and local governments-----	278
(d) Other depositors, except banks-----	2,608

Interest received by commercial banks on U.S. Government obligations acquired with created money-----

1,800

Cost of free Federal Reserve services-----

120

Interest-free commitment on Treasury for \$3 billion (computed at 1 percent commitment fee)-----

30

Interest on \$400 million Federal Reserve bank "stock" (at 6 percent) (not including value of tax-free income status)-----

24

Total subsidies----- 5,010

**SPECIAL TAX LOOPHOLE MAINLY FOR THE BENEFIT OF THE COMMERCIAL BANKS**

As the committee knows, the general rule for taxpayers who trade in securities, or have gains or losses from the sale of other investments, is this: If a taxpayer's capital losses within the year exceed his capital gains, he can charge off the losses against ordinary, taxable income only up to \$1,000 per year, regardless of the amount of his net loss.

But not so for the thrift institutions which are the subject of the present legislation and, coincidentally, the commercial banks also. These are permitted to charge off losses without limit against ordinary income.<sup>1</sup> This means that the commercial bankers, who are the main beneficiaries of this loophole, can, and do, engage in what are for all practical purposes "wash sales." When the market value of the securities they hold goes down, the banks can sell these securities, write off the loss against ordinary income, but immediately buy other securities which are for all practical purposes identical. Then when the value of these securities goes up again, they can sell the securities and pay only the 25-percent capital gains tax on their profits.

This loophole applies not just to Government securities. It applies to any and all types of debt obligations which the banks buy and sell. The loophole was put into the law in 1942, incidentally, on the advice of some of the bankers as to what should be done to assure the bankers' all-out cooperation in meeting the financing needs of World War II. That was almost 20 years ago and the financing needs of World War II have long since disappeared, but the loophole still remains in the law.

I wonder why the proposed legislation before the committee today makes no provision for closing this loophole.

In actual experience, the commercial banks paid last year an effective income tax rate of only 38.4 percent. Except for this loophole, the banks would have been paying more nearly in the neighborhood of the 52-percent rate.

Before leaving the matter of the bankers' taxes, Mr. Chairman, I cannot re-

frain from commenting on another tax angle which seems very wrong to me. This is the fact that they not only acquire the securities of the State and local governments with bank-created money, which costs them nothing, but they then pay no income tax on the interest they receive on these securities. The commercial banks now hold some \$17.6 billion of State and local bonds, all acquired on bank-created money, all tax exempt.

Notwithstanding this tax loophole, and all the vast Federal subsidies to the commercial banks, the Treasury people seem to be laboring under the impression that the thrift institutions are taking lending funds away from the commercial banks, and also that the thrift institutions and the commercial banks are equally involved in the same kind of lending.

Thus, the Treasury Department's report of July 1961, titled "The Taxation of Mutual Savings Banks and Savings and Loan Associations," at page 3, speaks of "logical and equitable" application of taxes as between the thrift institutions and the banks as follows:

"From the viewpoint of a logical and equitable application of the Federal income tax, the mutual thrift institutions should be able to retain corporate earnings tax free only under a formula consistent with established concepts for computing bad debt reserves."

And, again at page 8, the report states:

"Moreover, other financial institutions which compete for the savers' dollars, such as commercial banks, do in fact have to depend primarily on surplus built up after taxes, rather than on access to the equity capital market, in order to obtain the protective capital cushions which all businesses need."

And finally, at page 11 of the report, we find this statement:

"It has been stated that a policy of tax neutrality toward competing financial intermediaries promotes a more efficient utilization of economic resources as established by the marketplace."

In plain words, Mr. Chairman, the Treasury people are under a misapprehension that cutting the allowable bad debt reserves of the thrift institutions will, insofar as the Federal Government's intrusions into the marketplace are concerned, better equalize competition between these institutions and the commercial banks.

But I submit, Mr. Chairman, the Federal Government's role in the marketplace is overwhelmingly on the side of the commercial banks. More than that, the thrift institutions are not taking lending funds away from the commercial banks. And they are not in the same kind of lending business to such an extent as to warrant the same ratio of reserves for bad debt, or what the Treasury calls "capital cushion."

The thrift institutions are in the long-term investment business, such as housing loans running for 20 to 30 years. Their investments are not liquid, and they are relatively high risk investments, being subject to the risks of the business cycle, relocations of population, the drying up of industry in particular areas, and even the possibility that within the

<sup>1</sup> Sec. 582(b).

next 20 to 30 years some entirely new type of shelter may be developed for both people and business. The commercial banks are supposed to be in the commercial banking business. They are supposed to be making short-term low risk loans. They have no business being in the investment business.

**FEDERAL GOVERNMENT PROVIDES MONOPOLY POSITION FOR COMMERCIAL BANKS**

Mr. Chairman, the commercial banks should not be aided and abetted in their effort to choke off competition from other types of financial institutions. Of course, this is a final step. They have already been extremely successful in throttling competition among themselves; and this has been achieved in large part through the assistance of the Government, particularly in setting up almost insuperable barriers to entry into the commercial banking business.

First, let us take a look at the sharp decline in the number of commercial banks in the United States. In 1920 there were nearly 31,000 banks. Today—according to the July 1961 issue of the Federal Reserve Bulletin—there are 13,465 commercial banks. In other words, there are only 43 banks today where there were 100 some 40 years ago.

But since 1920 our population has risen from 106 million to 179 million. The population per bank in the United States was only about 3,400 in 1920. Now the population per bank exceeds 13,000. So the average bank now has 3.8 times the customer potential that prevailed in 1920. That alone should put the commercial bankers in an enviable position. But that isn't all that has happened.

In practically every community in this country the number of banks has been reduced to the point where only a very few control the business. Here are some figures from the 1960 annual report of the Federal Deposit Insurance Corporation:

In no less than 58 out of a total of 65 metropolitan areas surveyed, the 3 largest commercial banks have more than 50 percent of the deposits of all the banks in the area.

In 33 metropolitan areas, the 3 largest commercial banks have more than 70 percent of the deposits of all commercial banks in the area.

In 22 metropolitan areas, the 3 largest commercial banks own more than 80 percent of the deposits. And in six metropolitan areas, the three largest commercial banks hold over 90 percent of the deposits.

It's pretty hard to drum up any competition among commercial banks when so few control so much. And this concentration picture is bound to get worse before it gets better, as anyone can see by just looking at the newspapers day by day and noting the large number of bank mergers that are taking place.

Superimposed upon all these concentrations in local areas is the dominant position of the largest commercial banks in the country. The top 10 commercial banks—6 of which are located in New York City—on June 30, 1961, held \$48.2 billion of deposits. This represents 21.7 percent of the \$222 billion of deposits

held by all commercial banks in the United States. These few giant commercial banks set the whole pattern of interest rates charged by commercial banks throughout the country.

**ENTRY BLOCKADED**

Nor is there much hope that the number of commercial banks will be increased in the foreseeable future, even though, as I have pointed out, there is nearly four times the potential business for the average bank there was 40 years ago. The Comptroller of the Currency and the Federal Deposit Insurance Corporation have set up more than ample barriers to new entrants. In fact, the only way you seem to be able to get into the banking business today is to be in it already.

But it hasn't been enough for the banks to cut down the number of competitors, increase concentration in the hands of a few of the largest banks, and to block the entry of new banks. Now they resort to the tax route to hobble the competition of the savings and loan companies and the mutual savings banks. What about the credit unions? They compete with commercial banks, and do a pretty good job of it. Will the commercial banks appeal to Congress to cripple the credit unions, too? They are probably next on their death tax list.

**PROPOSAL WILL INCREASE MORTGAGE INTEREST RATES**

The Treasury Department expresses concern over the impact this proposal may have on the housing program. The Treasury report states:

"The continuation of proper housing programs requires an adequate supply of funds for home mortgages. Consequently, from the viewpoint of our housing programs, any change in the current tax treatment of these institutions must be weighed in the light of its possible adverse effect on those programs."

The Treasury estimates that in a period of tight money, the proposal may cause a loss of anywhere from \$500 million to \$2 billion in the supply of mortgage money and that this might cause a reduction of from about 3 percent to as much as 10 percent in the volume of residential construction.

The Treasury Department does not carry its analysis to the point of the effect this proposal may have on mortgage interest rates.

We can be sure of one thing. It certainly won't contribute toward a decrease in mortgage rates, and I would remind the committee that an increase of 1 percent in mortgage interest rates can mean more than a year's pay of an average family added to the cost of a \$15,000 30-year loan.

It is my prediction that this proposal will reverse the recent downward trend in mortgage interest rates.

**PUBLIC INTEREST DEMANDS FAIR PLAY IN THE MARKETPLACE**

There was a time when businessmen believed that the best way to get ahead was to produce a better product for a lower price. Now the technique seems to be to try to cripple one's competitors by some sort of a death tax. This is

what the commercial bankers are trying to do in sponsoring legislation to increase taxes on savings and loan associations and mutual savings banks.

The commercial bankers who have over the years generated such intense hatred against thrift institutions by the use of misleading and distorted information should be ashamed of themselves.

The views of bankers' leaders in the American Bankers Association do not impress me as being in accordance with the views of bankers I know. Bankers are leaders in community life as well as in State and National affairs. It is seldom that you find them putting up such a terrific fight for something that is purely selfish and inimical to the general welfare.

If the attitude of the bankers is to be determined by their attitude in this case, Congress must be more careful to safeguard the public interest against them. We cannot make a goose the guardian of the shelled corn.

Commercial bankers who really want to protect the public interest can find many subsidies to remove and many tax loopholes to close, without damaging the public interest as in the case of this legislation.

Forty percent—over 40 percent, Mr. Chairman—of the home loan financing is done through the institutions that the commercial banks are attempting to penalize and destroy in this attack.

My idea of bankers drawn from the image of the good bankers I have known all my life is contrary to what the leaders of the bankers are doing here. This is a bad proposal. It is a bank bonus bill. It would be rejected.

Thank you, Mr. Chairman.

**Outer Mongolia**

**EXTENSION OF REMARKS**

OF

**HON. STYLES BRIDGES**

OF NEW HAMPSHIRE

IN THE SENATE OF THE UNITED STATES

*Friday, August 11, 1961*

Mr. BRIDGES. Mr. President, an editorial appeared in the Saturday Evening Post of August 12 entitled, "When Did Outer Mongolia Cast Off Its Red Shackles?" This excellent article serves to refresh our memory regarding the previous attempts to secure recognition of Outer Mongolia.

The roles played by William C. Bullitt, then U.S. Ambassador to the Soviet Union, and Owen Lattimore in 1936, with Lattimore urging recognition of this "independent" country, places new significance on Lattimore's recent visit to Outer Mongolia.

Mr. President, it is inconceivable to me, in view of Ambassador Bullitt's testimony regarding Russia's complete dominance in this area, that any official of our Government would feel that recognition of this puppet regime would serve any useful purpose.

Russian dominance was obvious and apparent 25 years ago, and there is no reason to suppose that this control has lessened over the years.

It would appear that U.S. officials, urging recognition of Outer Mongolia, are ignoring the testimony of history.

Mr. President, I recommend this fine editorial to my colleagues in the Senate and request unanimous consent that it be inserted in the Appendix of the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

**WHEN DID OUTER MONGOLIA CAST OFF ITS RED SHACKLES?**

For some reason the State Department appeared surprised because Chiang Kai-shek was said to be upset by reports that Washington was about to recognize Communist satellite Outer Mongolia as an independent republic worthy of a seat in the United Nations. Ambassador Everett Drumright was called back to Washington from Formosa, presumably to be given instructions on how to explain to the generalissimo that our trafficking with Outer Mongolia was just a little shenanigan between the United States of America and the U.S.S.R. which needn't mean anything to Formosa.

But what in the world is the point of giving non-Communist Asia even 5 minutes of the shakes to revive this often-explored notion that Outer Mongolia is independent? If President Kennedy or Dean Rusk or whoever is responsible for this bizarre idea would brush off the published hearings on the Institute of Pacific Relations—before Senator Patrick A. McCarran's subcommittee in 1952—the ancestry of this hoary heresy would expose its shabbiness. On page 4522 et seq. of the aforementioned hearings is the testimony of William C. Bullitt, our first ambassador to the Soviet Union. Mr. Bullitt testified that Owen Lattimore, an expert on the Mongolian question, came to him in Moscow early in 1936 on the way from a visit to Outer Mongolia. Lattimore, according to Bullitt's testimony, urged Bullitt to recommend to President Roosevelt that Outer Mongolia be recognized as a "fully independent" republic.

"I asked him," said Mr. Bullitt, "if there was no Soviet control of the People's Republic of Outer Mongolia. And he replied there was no Soviet control whatsoever. I asked him if the GPU, which at that time was the title of the Soviet secret police, had no control there, and he said they did not, that the Mongolian People's Republic was independent and that his advice, which he urged me to telegraph at once to President Roosevelt, was that the American Government should immediately recognize the independence of the Mongolian People's Republic."

All this came as quite a shock to Mr. Bullitt because only a month earlier he had had a revealing conversation with an old acquaintance of his, an assistant commissar named Karakhan, who had been quite active in Outer Mongolia on behalf of the Soviet foreign office. Karakhan, according to his own statement, was sent to Outer Mongolia in 1934 to "finish off any signs of restiveness under Soviet control." On his return to Moscow Karakhan called on Bullitt at the U.S. Embassy.

"I said to him that I had heard he had been out there to finish off the People's Republic of Outer Mongolia, or rather any signs of independence in it, and he said that indeed he had, but it was a very small affair." Explained Karakhan, "After all, in a country of nomads there are only 300 or 400 people that count, and all I did on a given night was to have about 400 people seized by the GPU agents in the army and police force, and I had them shot before dawn and in-

stalled the people that the Soviet Government wished to have installed."

It seemed incredible that a Soviet official would be so frank with a foreigner, but Mr. Bullitt assured the committee that he had known Karakhan since 1919 and that they were, as the phrase is, "just like that."

Mr. Bullitt also knew, before the arrival of Lattimore in Moscow, that the U.S.S.R. had signed a protocol of mutual assistance with Outer Mongolia and that the Chinese had made "the strongest kind of a protest" against the infringement of the sovereignty of China. "I was obliged to conclude," said Mr. Bullitt, "that either Mr. Lattimore knew nothing about the subject on which he was supposed to be the leading American expert or that he was deliberately attempting to assist in the spread of Communist authority through Asia. I left the matter with a question mark in my mind."

Recently Mr. Lattimore visited Outer Mongolia again, and this time his pet project, which has been turned down repeatedly, seems about to be accepted. Why? If Outer Mongolia is any less a Soviet satellite than it was in 1936, evidence is lacking. Isn't this where we came in?

gently floating free balloon—is a presence, a great presence, called Charles de Gaulle. In his lofty isolation President de Gaulle has become increasingly removed from public opinion in France and in the world and from the lesser men who are the ministers in his government.

From his vantage point the Berlin crisis appears to have been greatly exaggerated. If his ministers correctly reflect his view then, as he sees it, Premier Khrushchev has pressed the Berlin button and the United States has reacted by automatically pushing the crisis button. This was a mistake, since simply by "standing firm and refusing to be rushed into ill-advised proposals for 'negotiation' Khrushchev will abandon his threats."

De Gaulle may be right; he has often been right in the past when others were wrong. But the consequences if he is mistaken could be so very grave that steps for meeting both force and an ultimate confrontation with the Soviets are vital. This is the argument the Americans put up at the Conference of the Western Foreign Ministers.

De Gaulle's detachment from what seem to be the glaring realities of the situation in France and North Africa is also a cause for concern. He has thus far refused to consider a compromise of the Tunisian dispute by agreeing to negotiate on the basis of a future date for giving up the French base of Bizerte although that base, just as with the British in Suez, can hardly be held in the midst of a hostile population. Tunisia is in the meantime moving increasingly away from the West.

Serious newspapers, such as *Le Monde* and *Figaro*, have begun to discuss possible dates for a new putsch by the army and the ultra-rightists to overthrow De Gaulle. The bomb attacks multiply in Algeria and Paris. And for the first time this observer has heard the name of a possible successor to De Gaulle—the extreme conservative, Antoine Pinay.

As to the other principal partner, Britain, the pessimistic view is not so dark. Yet the British, under the mellow sun of the Macmillan government, have been for years living far beyond their means and the recent crisis of the reserve backing of the pound was more serious than the public has been told. The stern measures taken to meet this crisis have absorbed the attention of the British public to the exclusion of the Berlin crisis.

So much for pessimism, now for the view of the optimist. It begins with the fact that Britain has applied for membership in the Common Market and, despite all the reservations that must be entered because of the Commonwealth and Britain's associates among the Outer Seven, the belief here is that within 6 to 9 months the United Kingdom will be a part of the European economy.

A Europe united will have far greater productivity and greater manpower for war or peace than the Communist bloc. Under circumstances of unity and strength decisions can be taken to meet threats such as that now directed against Berlin. A force for freedom will have come into being at least equal to that of the Soviet Union on the one hand and the United States on the other.

What is it then that stands between these two so opposed pictures, the dark of the past night and the hope of a promising new day? In the view of this observer it is simply the will, the resolution, to do what must be done in this hour and that is, above all, to prepare to meet calmly not just the immediate threat against Berlin but the long pull.

For De Gaulle, what must be done—beginning, for example, with the necessity to make peace with the Algerian rebels—is far more difficult than for the others, if only because these necessities have so long been postponed.

**Pessimism Is Only Half the Story**

**EXTENSION OF REMARKS**

OF

**HON. JEFFERY COHELAN**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 8, 1961

Mr. COHELAN. Mr. Speaker, as the cold war of words and preparations heightens over Berlin, it becomes increasingly important for us to keep the facts contributing to this crucial problem in perspective.

At times like this it is all too easy for us to see only negative value in each new development, but Marquis Childs, writing in this morning's *Washington Post*, has pointed out that there is much to be encouraged about in Britain's decision to apply for membership in the Common Market.

Mr. Childs' answer to the question of what stands between the forces of pessimism and optimism is particularly pertinent:

In the view of this observer it is simply the will, the resolution, to do what must be done in this hour and that is, above all, to prepare to meet calmly not just the immediate threat against Berlin but the long pull.

This is a pointed and timely article and I comment it to my colleagues' attention:

**PESSIMISM IS ONLY HALF THE STORY**

(By Marquis Childs)

PARIS.—Depending on whether by temperament you are an incorrigible optimist or a confirmed pessimist, two diametrically opposed views of the state of the Western alliance are readily at hand. They are as different as night and day, black and white.

The pessimist has no trouble in finding material to put together his picture. The dark doubt is with respect to a unifying and directing force in the face of the Berlin crisis. Or, to put it another way, the question is whether there is a sufficient appreciation of the gravity of the crisis among the Western partners to enable them to submerge their differences and unite on a common position both for strength and eventual negotiation.

The enigma is France. Somewhere above the earth—not in a space capsule but in a

**Doctors Can Help Patients Avoid Over-priced Drugs**

**EXTENSION OF REMARKS  
OF**

**HON. JOHN A. CARROLL**

OF COLORADO

IN THE SENATE OF THE UNITED STATES

*Friday, August 11, 1961*

Mr. CARROLL. Mr. President, the Antitrust and Monopoly Subcommittee of the Senate Judiciary Committee has studied in great detail and at great length the vitally important drug industry of our country. I am proud to have taken part in that careful study as a member of the subcommittee under the chairmanship of Senator ESTES KEFAUVER, of Tennessee.

The drug investigations have focused the spotlight of public opinion on certain highly questionable practices aimed at pegging prices at artificially high, fixed levels.

We all know who pays the bill. It is the consumer, which means all of us. It is also the taxpayer, which also means all of us.

Mr. President, people write to me, and to virtually every Member of the Senate and House, every day of the week asking that we do something about excessive Government spending.

Our Federal Government is the biggest single consumer of almost every commodity and every service that is bought and sold today.

What protects the consumer therefore protects the Government and its taxpayers.

I submit that one way to keep Government spending in check is to take a close look at the goods and services which the Government buys. If they are overpriced, the taxpayers are being gouged.

Thus, a few days ago I was proud to support the effort to maintain the General Services Administration's long-standing practice of defending the Government against what it considers to be unfairly high utility rates. This, to my mind, is real economy in Government.

In like manner, the Antitrust and Monopoly Subcommittee is defending the Government—and all its taxpayers—against inordinately high prices of certain basic items like drugs. The Government buys millions of dollars worth of drugs every year.

But we in the Congress and those in the executive and judicial branches of the Federal Government cannot fight these battles alone. Others must also take part. The medical profession can take an important part in keeping drug prices in line for the patient, who is also the consumer and the taxpayer.

A few weeks ago I was interviewed on this subject by Mike Marsh, a reporter for Labor newspaper. This is a national weekly journal published in Washington by some of the oldest and most respected unions in the Nation. The interview article was published on July 22.

I ask unanimous consent that the article be printed in the Appendix of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**CARROLL SAYS DOCTORS CAN HELP GREATLY  
TO BRING DOWN HIGH PRICE OF DRUGS**

What can be done to bring down the high price of prescription drugs? One thing that would help, Senator JOHN CARROLL, Democrat, of Colorado, suggested this week, would be for doctors to "inform themselves about the cost of the drugs they prescribe for their patients."

As a member of the Senate Antitrust Subcommittee, CARROLL has played a leading role in the investigation of drug prices led by Senator ESTES KEFAUVER, Democrat, of Tennessee. Commenting on that probe, CARROLL said "the evidence was crystal clear that the prescription drug industry's profits were exorbitant, its prices were unreasonable and its advertising methods were not in the public interest."

**KEY RÔLE OF DOCTORS**

As for practical action, CARROLL stressed in an interview with Labor the key position of the Nation's doctors. "Doctors," he noted, "are dealing with low-income people, aged people, working people. The ordinary person, when he is sick or his child is sick, does not ask about the cost of the doctor's prescription."

But later, CARROLL said, people may blame their doctor when they find how much the prescription costs them. "Actually," CARROLL stressed, "it's not the doctor's fault. Nor is it usually the druggist's fault." The fault lies, he suggested, with the big drug companies.

"But doctors could take a look at drug prices," CARROLL said. "They could bring pressure on the drug companies, asking them: 'Why are your prices so high?'

**SALUTARY EFFECT**

Also, CARROLL suggested, if doctors would check up, they could learn whether the same drug is available much cheaper under another brand or under its generic (medical) name, and then write their prescriptions accordingly.

The Colorado Senator noted that the American Medical Association has recently made plans to spread the word more widely among doctors about the different brands and the generic names of the newer drugs. CARROLL hailed this move and suggested it is one of the salutary effects of the drug price probe.

In Government action also against high drug prices, CARROLL said, "we need the cooperation of the medical profession. I can't understand why every doctor in this country wouldn't favor a fair and reasonable program to bring down the price of drugs."

**Waldo G. Miles**

**EXTENSION OF REMARKS  
OF**

**HON. HARRY FLOOD BYRD**

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

*Friday, August 11, 1961*

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD a very well-deserved editorial in the Bristol Herald Courier in regard to the Honorable Waldo G. Miles, who was selected by acclamation to be president-elect of the Virginia State Bar Association for 1961-62.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

**HIGH HONOR GOES TO ONE OF OUR OWN**

The Virginia State Bar Association is an organization of some 2,000 members, by and large all capable attorneys who are leaders in their respective communities and in the State.

But certainly none are more able nor more versed in the art of leadership and service than is Waldo G. Miles, of Bristol, who was chosen by the bar association yesterday as president-elect for 1961-62.

This honor, accorded to Mr. Miles by acclamation, means he will serve as the Association's president in 1962-63. He is only the second Bristolian in history to win the post, and the sixth attorney from southwest Virginia to be so honored.

Obviously, the members of the State bar association have recognized what Bristolians have long known—that Mr. Miles is a man of high professional competence, a man of dedication to whatever labors he undertakes, and a man who is willing and able to serve in whatever capacity his fellowmen may proscribe.

Of special note in recent years was Mr. Miles' service as president of Bristol Memorial Hospital. In that capacity, he was largely responsible for action which made it possible for the hospital to receive Hill-Burton Funds from both Virginia and Tennessee in order to construct a new addition, which is now being built.

In addition, Mr. Miles has served on the Bristol Red Cross Board of Directors, as a director and executive committeeman of the chamber of commerce; as president of our mental health clinic; and currently, as a member of the Bristol, Va., school board, and the State Democratic Central Committee.

Those who know him personally are highly gratified that the bar association has chosen so wisely. And all Bristol can be proud—as can all southwest Virginia—of this high honor accorded one of our own.

Our heartiest congratulations, along with our best wishes, go to Mr. Miles as he proceeds to carry out his duties as president-elect this year and as president of the bar association in the year which follows.

**Khrushchev Tells West To Surrender**

**EXTENSION OF REMARKS  
OF**

**HON. STYLES BRIDGES**

OF NEW HAMPSHIRE

IN THE SENATE OF THE UNITED STATES

*Friday, August 11, 1961*

Mr. BRIDGES. Mr. President, I was extremely interested in a column by Mr. David Lawrence entitled "Khrushchev Tells West: Surrender," which appeared in the Washington Evening Star.

In his analysis of the speech by Soviet Premier Khrushchev, Mr. Lawrence states:

A reading of the full text of the speech of the Soviet Premier on Monday night reveals a bold demand for surrender, couched in argumentative but seemingly conciliatory language.

This assessment of the remarks of the Russian Premier is most informative and I ask unanimous consent that the column be printed in the Appendix of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**KHRUSHCHEV TELLS WEST: SURRENDER—SOVIET DICTATOR SAYS THIS IS THE WAY FREE WORLD CAN END WAR PSYCHOSIS**

(By David Lawrence)

**IN EUROPE.**—All that Nikita Khrushchev wants is the surrender of the West on the Berlin issue without war. This, he is confident, would do away with the war psychosis, and he frankly declares that the further development of communism would thus be assured, not only in East Germany but in the satellite countries as well, which, he confesses, might otherwise succumb to Western influence.

A reading of the full text of the speech of the Soviet Premier on Monday night reveals a bold demand for surrender, couched in argumentative but seemingly conciliatory language. Parts of the speech could well have been uttered by President Kennedy or by any other Western statesman. For example, Mr. Khrushchev says:

"Life demands that statesmen should not only say reasonable things but also should not permit themselves in politics to cross the line when the voice of reason fails silent and a blind and dangerous game with the destinies of peoples and states begins."

"Let us honestly meet at a round table conference. Let us not create a war psychosis. Let us clear the atmosphere. Let us rely on reason and not on the power of thermonuclear weapons."

But such passages were interwoven with denunciations of the alleged war passions of the West, and with boasts that the Soviets can destroy not only the United States, but Western Europe, with thermonuclear weapons. Mr. Khrushchev blandly reverses himself again and again, and, instead of using the voice of reason, employs the voice of the bully as he says:

"If the Western Powers persist in their refusal to sign a German peace treaty, we shall have to settle this problem without them. It goes without saying that in that case the German Democratic Republic (East Germany) would attain full sovereignty and, therefore, the question of the use of communications with West Berlin running across its territory would have to be decided by agreement with the GDR (East German) Government. As to the agreements between the Soviet Union and the Western Powers on the question of access to West Berlin concluded during the occupation period, they will become null and void. It would seem that all this is natural and quite fair and should not evoke objections or discontent on anyone's part."

This is as plain-spoken a demand for surrender by the West as could be written. Then, as a kind of face saver for the West, the Soviet ruler promises that, as a matter of practice, East German authorities will be kind and cooperative, and that the Soviets "do not intend to infringe upon any lawful interests of the Western Powers." Mr. Khrushchev urges that the Communist regime in East Germany be trusted, and adds:

"Barring of access to West Berlin, blockade of West Berlin is entirely out of the question. All this is only a figment of imagination of those who want to incandesce the atmosphere in order to prepare war."

The whole speech is an attempt to put the blame on the West through "mobilization" of Western military forces, as Mr. Khrushchev describes it. By contrast, he wishes the world to know that—at least, for the time being—Russia isn't increasing her armament or preparations for war.

But is there any real clue in the speech to what could happen in the all-important "negotiation" that the Soviet Premier says he wants? Hopes, however mistaken they

may prove to be, are based on this suggestion in the speech:

"We propose that it should be stipulated in the peace treaty that the free city of West Berlin shall be granted the freedom of communication with the outside world. We agree to the establishment of any most effective guarantees of the independent development and the security of the free city of West Berlin."

But Mr. Khrushchev wants an end to any military occupation of West Berlin and, when Western troops have been removed, he expects East German Communists to take care of the people of Berlin. He says that "access to Berlin and the question of a peace treaty as a whole is only a pretext" for the West, and that if the peace treaty were dropped, it would be regarded as a "strategic breakthrough and would widen the range of their (Western) demands at once." He then reveals his true reason for stirring up the Berlin crisis and for his basic fears, as he says:

"They (the West) would demand the liquidation of the Socialist system in the German Democratic Republic (East Germany). Were they to attain that, too, they would, of course, set the task of annexing from Poland and Czechoslovakia the territories restored to them under the Potsdam agreement. And were the Western Powers to attain all this, they would advance their main claim; the abolition of the Socialist system in all countries of the Socialist camp. This is what they would like to do right now."

So the stalemate continues, and the big question is whether Mr. Khrushchev will really start a war. His words are strong, but they are no more to be trusted than those of any dictator. Hence the West has no choice but to insist on a free Berlin and even a free and reunified Germany.

#### Youth Conservation Corps

#### EXTENSION OF REMARKS

OF

#### HON. LEE METCALF

OF MONTANA

IN THE SENATE OF THE UNITED STATES

Friday, August 11, 1961

Mr. METCALF. Mr. President, some of the most telling arguments for S. 404, the Youth Conservation Corps bill reported from the Labor and Public Welfare Committee, come from men who served in the old Civilian Conservation Corps.

The August 1961 issue of the American Legion magazine carries my article in favor of the bill. Its publication prompted the chairman of the Veterans Advisory Commission in Philadelphia, Mr. William J. Lederer, who serves also as secretary of the board of directors of the Crime Prevention Association of Philadelphia, to write me concerning his experience in the CCC's in Montana.

Mr. Lederer concludes, from his background of military, veteran, and civic experience, that "reestablishment of the Civilian Conservation Corps is one of the most important programs needed to safeguard the internal strength of the United States."

And I was proud to read his statement that "the people at Malta, Mont., invited most of the members of my camp into their homes and treated us like their own sons."

Mr. President, I ask unanimous consent to insert in the Appendix of the RECORD, the article and letter.

There being no objection, the article and letter were ordered to be printed in the RECORD, as follows:

**SHOULD CONGRESS REVIVE THE CIVILIAN CONSERVATION CORPS?**

(By Senator METCALF, Democrat, of Montana)

Twenty-eight years ago, President Franklin D. Roosevelt started what was to become one of the most successful projects of the New Deal. That was the Civilian Conservation Corps, the CCC.

The theory was simple: We had a lot of young men out of work, outdoor work was good for them, there was a lot of outdoor work to be done, so let's get these boys into the woods.

I recall the concern in my native Bitterroot Valley in western Montana when these young men, many of them from city slums, arrived. The fears were quickly laid to rest. They developed character and confidence as they planted trees and grass, built recreation facilities, bridges and fire towers, strung telephone lines, cut trails and fire lanes.

Last year the Western News in Hamilton checked on the present whereabouts of those CCC boys who came to this Montana camp. Several have responsible positions with the Forest Service. One is a senior editor of Time, one a bank president, another our State prison warden. Many of the rest have made their mark in law, teaching and in the community they came to love and adopted as their own. Another CCC camp alumnus is Congressman John Blatnik of Minnesota, who deserves the Nation's thanks for his brilliant, continuing leadership in water pollution abatement.

The proposed Youth Conservation Corps, like the CCC, has the twofold purpose of providing healthful training and employment for young men and accelerating needed conservation programs. There would be a corps of eventually 150,000 young men, supervised by conservationists. Pay would be modest, the period of enrollment 6 months. The bill (S. 404) as introduced by Senator HUMPHREY is identical to the bill approved by the Senate last year. It is before the Senate Labor and Public Welfare Committee.

Our Nation now has, similar to the time when the CCC was established, much work to be done in fields and forests, and young men in need of jobs. I say let us get on with the unfinished business of conservation of our natural resources and, in so doing, develop and conserve the greatest resource of all, our youngsters.

VETERANS ADVISORY COMMISSION,  
Philadelphia, Pa., August 8, 1961.

Hon. LEE METCALF,  
U.S. Senator from Montana,  
Washington, D.C.

DEAR SENATOR: After reading your comments in the August 1961 American Legion magazine, I decided to write this letter.

During 1941 I served as a member of a CCC camp located at Malta, Mont., and I can tell you that my military and veteran's experience leads me to conclude that the reestablishment of the Civilian Conservation Corps is one of the most important programs needed to safeguard the internal strength of the United States.

As secretary of the board of directors of the Crime Prevention Association of Philadelphia, I review hundreds of cases annually concerning teenagers whose acts of delinquency and crime have destroyed their lives and caused untold damage to the welfare of citizens along with great destruction to property.

I know that a CCC program would not only provide an opportunity for most of these young men to receive an opportunity for a constructive life but would also provide for them discipline and the spiritual values which are absent to most of their environmental backgrounds.

There are many former members of the Civilian Conservation Corps who are willing to volunteer our time and resources to assist in the establishment of this program. I also know that some of our finest fighters during World War II owe their training to their tenure in the CCC camp.

Incidentally, the people at Malta, Mont., invited most of the members of my camp into their homes and treated us like their own sons.

I believe your views express the thoughts of most of the former members of the CCC program.

Wishing you continued success, I am,  
Respectfully,

WILLIAM J. LEDERER,  
Chairman, Veterans Advisory Commission.

### Elections of Presidents and Vice Presidents

#### EXTENSION OF REMARKS

OF

### HON. STYLES BRIDGES

OF NEW HAMPSHIRE

IN THE SENATE OF THE UNITED STATES

*Friday, August 11, 1961*

Mr. BRIDGES. Mr. President, a very interesting and informative column entitled "For a Better Republic," appeared in the August 14 issue of Newsweek magazine under the byline of Raymond Moley.

In this column, Mr. Moley analyzes several proposals for reforming our method of electing Presidents and Vice Presidents. I think it is significant that he singles out the constitutional amendment proposed by the senior Senator from South Dakota [Mr. MUNDT] as the only one which would retain the Federal, representative character of the Republic.

In light of the interest in revising our system of electing Presidents and Vice Presidents, I ask unanimous consent that this column be printed in the Appendix of the RECORD and I commend it to the attention of my colleagues.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FOR A BETTER REPUBLIC  
(By Raymond Moley)

A Senate subcommittee has held lengthy hearings on the long-needed reform in our method of electing Presidents and Vice Presidents. Thirteen proposed constitutional amendments are pending in the Senate. Former Presidents Hoover, Truman, and Eisenhower have called for reform.

To meet the need for public education and understanding of the problem, the American Good Government Society, 800 Du Pont Circle Building, Washington 6, D.C., is organizing a committee representing every State and is issuing a fine statement of the problem and proposed remedies.

Since all efforts in earlier years have failed, the danger is that in frustration a method might be adopted which would be worse than the present system: Straight, popular election. In fact, two of the proposed amendments would provide just that.

One of these, sponsored by Senators SMITH, MORSE, BEALL, CHAVEZ, and AIKEN, would nominate candidates in a nationwide primary, with a runoff in case no candidate secured a majority in his party. Then there would be the election, with another runoff if no candidate received a majority. All these primaries and runoffs would be between July and December. Another popular-election proposal, by Senators KEATING and MANSFIELD, is only slightly less objectionable.

#### IRREPARABLE DAMAGE

Popular elections would irreparably damage the very nature of the Republic. The States would lose control of their own elections. The President and Vice President would be responsible only to a vague general will identical with Rousseau's plan for democratic despotism, the concept behind the French Revolution. Congress would continue to be a representative body. Thus there would remain only half a Republic.

State laws would substantially be wiped out so far as Presidential elections were concerned. Political-party organization, now based on a representative principle, would have to be reconstructed.

Most serious would be the practical impact upon those who might aspire to be candidates. Under the Smith-Morse plan, an aspirant would have to campaign over the Nation two and possibly four times in less than 4 months. Nobody but a Kennedy, a Rockefeller, a Ford, a Du Pont, or a Getty could afford the expense, unless he became obligated to vast special-interest groups. Nobody but a super Paul Bunyan could survive the physical strain.

The only one of the proposed plans which would retain the Federal, representative character of the Republic is that offered by Senators MUNDT, McCLELLAN, HRUSKA, THURMOND, and MORTON. (This was formerly called the Mundt-Coudert plan.)

#### TRUMAN'S PLAN

It would presumably retain the present system of party nominations and electors in newly created districts equal in number to the Members of the House from each State, with two elected at large. If no candidate should receive a majority of electors, the President and Vice President would be selected by a joint session of Congress from among the three candidates having the highest number of votes. To prevent a deadlock, the choice on the fifth ballot would be between two candidates for President and Vice President respectively.

Former President Truman's statement on the subject shows a most interesting maturity of judgment. He said that the present system of giving all electoral votes to the candidates with the popular majority in each State encourages "the emergence of the big cities into political overbalance, with the threat of imposing their choices on the rest of the country." He would follow the Mundt principle of election by districts with two electors elected at large in each State. But Truman would use the existing congressional districts rather than creating new ones. Also, in case there is no majority he would retain the old method of election by the House of Representatives, with one vote per State. In my judgment, his idea of using existing districts is better than MUNDT's, but MUNDT's plan of election by a joint session of Congress is preferable. Either the Mundt or Truman plan, however, is in the true principle of representative government.

### Cold War Parable

#### EXTENSION OF REMARKS

OF

### HON. JOHN A. CARROLL

OF COLORADO

IN THE SENATE OF THE UNITED STATES

*Friday, August 11, 1961*

Mr. CARROLL. Mr. President, our international problems sometimes appear insoluble. Pundits proclaim their profundities and their endless ramifications. In quest of solutions we sometimes run the risk of missing the simple facts of human nature which underlie all difficulties among people and nations.

A pungent commentary by Roscoe Fleming, published in the Denver Post of July 29, gives us a little more insight into our problems in West Berlin. It was written immediately after President Kennedy delivered his magnificently firm but calm message to the Nation on the crisis we face.

I ask unanimous consent that the article be printed in the Appendix of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### COLD WAR PARABLE

(By Roscoe Fleming)

Once a group of nice families wanted only to live in peace and get on with their business, each under its own vine and fig tree.

But the next block was a rowdy neighborhood, and the people there behaved as if they didn't want to live in peace with anybody. Their young ones acted like juvenile delinquents, and they especially bullied a family whose home was in the second block, although it was related to those in the first.

The tough kids threw dirt on its lawn, blocked the alleyway to keep its folks from going in or out or getting groceries, broke the windows and slung in dead cats, and generally acted uninterested in integrating.

Their old man was always leaning over his back gate, and sometimes he shook his fist, too. Whenever someone tried to intercede from the first block, the kids would say:

"Leave us alone, see, or our old man will lick your old man and set fire to your house, see."

After standing this for quite a while, the nice families decided that life wasn't worth living that way. So one day when the rowdies stopped the grocery truck, some of their muscular young men went over and cleared the way, saying to the rowdies:

"Can the bluster, buster, or we'll dump you on your cans."

The rowdies gulped and got polite all of a sudden. Their old man went back in the house and slammed the door. And the neighborhood enjoyed a little peace and quiet, for a time at least.

Moral: Bragging is offensive, but a little muscle in the bustle sometimes goes a long way toward bumping off trouble.

#### CHANGE OF RESIDENCE

Senators, Representatives, and Delegates who have changed their residences will please give information thereof to the Government Printing Office, that their addresses may be correctly given in the RECORD.